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AUGUST, 1946

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AN AMA CONFERENCE FOR

Office Executives

Hotel New Yorker, New York City
Thursday and Friday, September 19-20, 1946

OFFICE MANAGERS THROUGHOUT THE NATION find themselves faced with truly pressing problems. In many cases personnel cannot be found to handle increased workloads, space shortages are so acute that methods and perhaps even organization must be drastically changed or refined to meet pressures on the office.

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- *Office Production Control Procedures*
- *Experience with Office Unions*
- *Combining School and In-Service Training*
- *Administration of Job Evaluation*
- *Space Administration*
- *The Office as a Social Structure*

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AMERICAN MANAGEMENT ASSOCIATION
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IN the midst of the biggest boom in American economic history, there is an almost universal belief that a disastrous depression will occur somewhere around 1950. The reconversion slump predicted by Washington economists has proved to be a myth; from Seattle to Bangor, the American scene is flushed with the fever of prosperity. Yet despite the extent of the Great American Boom, a fatalistic attitude—stemming in large part from memories of the last depression—prevails among economists and the general public. This is the paradox which *Fortune* tries to interpret in the feature abstract of this issue (**The Boom**).

Can the Boom prolong itself beyond 1950, or is a major depression inevitable at that time or even sooner? There are too many imponderables to permit any satisfactory answer, but *Fortune* points out that the present pessimistic attitude ignores numerous bases for optimism: potentialities in foreign trade, prospects for new industries, our fabulous backlog of needs, among others. These and other possibilities, which are largely overlooked, are examined in *Fortune's* survey of the economic landscape.

WHAT management functions in the large industrial company should be decentralized, and which ones should be controlled by the central group? This question is explored, function by function, in an article by General R. W. Johnson (**Executive Myopia**—pages 317-319). The ideal situation, the author points out, is when the central group is relieved of most operating responsibilities, when it gives subordinate executives elbow room, when it begins to manage *managements* rather than operations. Only in emergencies will the central group step in, and then only to repair the management instead of revamping operations. One measure of an efficient central management, General Johnson whimsically points out, is its ability to work itself out of a job, to keep its desks clear and go fishing or golfing!

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THE MANAGEMENT INDEX

General Management

The Boom

THERE is a rich queerness to the U. S. scene in this summer of 1946. Everything is bright and sharply visible, but the sum of it doesn't seem to make much sense. Like a surrealist landscape, it is brilliant, gaudy, carefully drawn, and yet somehow nightmarish, distorted, and spotted with irrelevancies. This is the postwar, the dream era; this is what everyone waited through the blackouts for. Now the lights have come on but the spectacle is so vast and confusing that it is hard to understand. The U. S. is a great collection of contradictions, ironies, excesses, and shortages. People spend more than ever before and save more than ever before.

The Great American Boom is on, and there is no measuring it. Almost all the curves are up. The market is bull—or was when this went to press. There is a powerful, consuming demand for everything that one can eat, wear, enjoy, burn, read, dye, repair, paint, drink, see, ride, taste, smell, and rest in.

Throughout the nation there is at large a vast force of spending money, surging violently about the economy, like an Olympian bull in an old curiosity shop, battering its way in and out of stores and through the banks and into the stock market and off to the black market and on into the amuse-

ment industry. Everything that is made is bought up as fast as it appears. There seems to be no bottom to the demand, no bottom to the American purse. Toulouse-Lautrecs at \$30,000, mink coats at \$15,000, men's wrist watches at \$1,000—all sell just about as fast as egg beaters, table radios, and pork chops.

The Boom now under way is an abnormality, a thing far beyond such a peaceful thing as "prosperity." It is the sudden release of an unprecedented amount of money into a market unprecedentedly bare of goods. Yet this is not quite true: There are more goods than ever before because American peacetime production is at record levels. Nevertheless, the list of shortages is endless, almost; the demand is fantastic; everyone seems to have money, no one seems to go broke—these are the stigmata of Boom.

The actual meaning of the panorama must await the historians. All that is possible contemporaneously is to write the chronicle, not the interpretation. To report the present state and future prospects of each business in the U. S. is not adequate, however thoroughly performed; such a massive catalogue would serve to show only one phase of the scene—simply that the prospects for almost all businesses are now excellent, and that the abnormal super-

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imposed demand, cumulatively backed up through the war years, will be exhausted at some time in the future. At what particular time varies from industry to industry, from six months to four or five years—with the single exception of housing, about which the talk runs up to 10 years.

But it illuminates the state of the nation in 1946 to know that the department store sales in March in the U. S. were 263 per cent of the 1936-39 average; that the New York Telephone Co.'s Red Book, classifying business houses, is the largest in history; or even that by 1947 the passenger capacity of the nation's airlines will equal that of the railroads in 1941. Staggering as such facts are, they are only facets of the Boom.

Anywhere in the U. S. a hotel booking of less than 100 per cent brings immediate alarmed inquiries from the main office (for years 60 per cent was considered adequate; anything more was gravy). This spring, the savings bank in Pilot Grove, Ia. (11 homes, 50 people) had deposits of more than \$2 million. Federal tax receipts were running about \$4.3 billion above the January estimate of \$38.6 billion. In the first quarter, consumer spending was at the record rate of \$120 billion a year; the Federal Reserve Board index of production reached 169; retail store sales were at the incredible figure of 20 per cent above the same period of 1945. About 71 million people now hold life insurance policies. The Florida tourist crop last winter was worth \$605 million—almost double the amount for any prewar year. The income of electrical utilities in the first quarter of 1946 was from 44 to 63 per cent above that of 1945. There were 243,233 General Electric stockholders, an all-time record.

The catalogue of the size and the

universality of the Boom is actually interminable: 34 million American families with \$145 billion in savings and a \$160-billion income want to buy all they can get of eight million different things on the market.

A basic characteristic of the American attitude today is the universality of the belief that a catastrophic depression is unavoidable, that it will come somewhere around 1950. The unanimity is striking; one of the fundamental drives in the prosperity chasing of 1946 is this belief that the Boom is fleeting, a will-o'-the-wisp that will soon be lost in the black chasm.

This guess is based on the assumption that the Boom will end when the abnormal backed-up demands have been met. (Hardly anyone dares to guess that a period of stable prosperity will follow the end of the abnormal Boom.) The timing of the assumption is founded very definitely on the prospects of the automobile industry. Detroit is the key to the future.

The reasoning here is easy to follow. By all agreed estimates, production will have caught up with consumption, and the pipelines of inventory will have filled up, in all lines of business, within three years. There are only two exceptions: autos and housing. Everything else, from white shirts to electrical equipment, will be in such plenty as to promote real competition again, in less than three years.

The backed-up demand for housing is sufficient, it is generally held, to last 10 years. But housing alone, no matter how great its demand and how big its boom, cannot carry the entire economy, especially if everything else is slumping.

Thus the thinking tends to focus on the automobile industry as the key to the length of the Boom. In short, how long before the American market is

saturated with new cars? Adding everything up, the auto experts come out with this conclusion: There is in effect a demand for almost a total new-car population of, at the most conservative, 20 million cars. All factors, closely argued and carefully studied anew each month in Detroit, inevitably point toward a conclusion that the present prosperity in the auto business should last some time *beyond* 1950, perhaps even to 1952. How then does the clear majority of the public and of the economists arrive at its agreement on the inevitability of a serious depression around 1950, perhaps even sooner?

This comes from the wide and deep general belief that American production will perform such miracles that the nation will more or less quickly overproduce itself into surpluses, at which time prices will drop and purchasing power will fall off and the cycle leading into depression will begin.

This pessimistic attitude, coupled always with the bitter memories of the last depression, centers on American prospects alone, negating the possibilities in foreign trade. It also negates American will power, as if the people themselves will be utterly powerless to avert or even ameliorate the inevitable depression. Clearly it negates the possibility of the arrival on the economic scene of any such great new industry as automobiles, or even of such a new development in autos as to make obsolete most present plant and equipment.

Most of all it overlooks the fabulous backlog of resources and national needs. In Montana alone great resources of 69 minerals and 400 billion tons of minable coal await development. Nearly every highway in the nation needs major repair. Literally thousands of schools, hospitals, and bridges are in the class of real community

needs, and the catalogue of fruitful irrigation and flood-control projects, reclamation projects, river-and-harbor improvements, and sewerage-system installations that could be usefully built is endless. Every one of the 1,077 cities in the country with more than 10,000 population has a serious and costly downtown traffic problem; many cities are studying ordinances that would require each new downtown building to supply its own parking space.

A further obvious basis for optimism, in adding up the various ways in which the Boom may prolong itself, is the demand for capital goods. The backlog of needs in the expansion of plant and facilities and the production of such equipment as freight cars is almost inestimably great. American Locomotive, for example, has \$100 million in orders. Manufacturers of civilian goods have not been able for five years to get the new machinery and replacements needed. Here, too, enters the foreign market: Not only the U. S. but all the world needs American equipment. An actual boom in the production of capital goods, once well under way, could easily go far beyond 1950.

Nevertheless, despite the vastness of the things to be done and the richness of these prospects, the cold truth remains that the American expectation, as of mid-1946, is that a major depression will inevitably occur about 1950. All the arguments about the possibilities must return to the present fact of that attitude, and only time can change that attitude.

No one expects the Boom to proceed even as far as 1950 without sharp slips and slumps and recessions and Wall Street "shakeouts." The agreement is pretty general here, too, to this effect: If prices do not rise more than 5 to 10

per cent this year, there will be no really violent downbreak, such as came in 1921; but if prices soar some 20 or more per cent this year, such a disastrous drop is very likely.

Thus goes the guessing, on up to 1950. Somewhere along there the experts expect the imbalances to develop,

the pitfalls to open, the pressure on the economic crust to become severe at unexpected points, with the earthquake possibly to follow. But at that point the most acute vision fails; beyond 1950 no economic radar encounters anything but space.

Fortune, June, 1946, p. 97:17.

Executive Myopia*

EXECUTIVE myopia, the directors' dilemma, is a high-ranking disease and might be termed organizational razzle-dazzle. It is a derangement of top management, otherwise known as industrial bureaucracy.

Business and commerce are facing new demands, new patterns, new complexities. What kind of organization is required, and how can we give it a permanent elasticity? First of all, we must put the rulebook on furlough and never permit even the subconscious establishment of rules. This may frighten the boys who are so frozen by mental regimentation as to be incapable of modern responsibility, but who is there to doubt that a good man does his best work when free and wholly responsible? Let's break the problem down, first by function and then into products.

Purchasing.—We first buy our raw materials, so let's stop here. Should that function be centralized or decentralized? The answer is usually both. Suppose that the component head in any given transaction chooses to purchase on his own from a local dealer at a higher price. Perhaps the indirect benefits are worth it, but it's hard to prove, and if he is put on the spot for it a few times, the effect may be dev-

astating to his initiative. Should he lose his initiative, we have all lost a priceless asset worth far more than a trivial saving in some minor product. This independent component-man wants to succeed too and will rarely continue to pay an unnecessarily high price. If he does, we have a management weakness, and rules won't cure it. In other words, on a given day in respect to a given product, we will purchase the product either through the centralized or through the decentralized department, depending on the decision of the operating chief of the component. His judgment is final.

Production.—Manufacturing presents a more difficult problem, for we cannot shift factories about with such abandon, particularly the heavy machinery. In general, keep them small to medium in size. Avoid ill-mated departments. Place the plant where it best belongs in relation to its products and not because the old man who founded the business was born there. Give it room for all raw material, goods in process, and finished stock. Let the component do its own planning in collaboration with its opposite in selling, whether selling is central or divided. Give them elbow room. Put a top man

*This article is a response to a suggestion that the author discuss the management problems incident to the physical decentralization of a large industrial company. Two questions were raised: (1) What types of operations can be economically decentralized? (2) What management functions can be decentralized, and which ones may best remain under centralized control?

in charge, wish him well, and go fishing. He will be delighted that you are away, and the health and balanced judgment of the centralized group will be much improved.

Research and Control Laboratories.—Accurate central control laboratories are good. All components want the protection of a strong group to check on the quality of the final product. The component also can have resident quality-control people working right on the line of production. It may employ outside laboratories to check all hands.

In research, however, much depends on the individual involved, the ideas, the year, the resources, the opportunity, the vision, and the availability of qualified technicians. It is the responsibility of the component chief to promote the program, no matter where the research is done. The central research laboratory and its directors can do much to help in this and frequently can avoid duplication. Research is a joint effort even when wholly decentralized.

Human Engineering.—Here, again, there is merit in merger and in specialization. Certainly the component-man must be wholly and completely responsible for his employee relations. There are, however, many services that can be performed best by the central group. Let each component sort out its particular pattern. The central group should establish basic principles. The component should express and execute them.

Finance.—Each unit has its own finance man. He may be a junior cost clerk or a full-blown comptroller, depending on the size and type of the division. This man knows at all times the addition and subtraction of the operation and is responsible to the unit manager. The central finance authority ties the whole together and audits

the books. This audit, however, is not the conventional affair. The top central men go in and do a constructive diagnosis. It is their job to give—to give effectively so that they will be welcomed on the next visit.

Cost accounting comes under this same heading, but, first, get the cost work out to the production front—way out—and keep the boys up front as long as their nerves will stand it. Arrange appropriate rest periods in the cost office if you must, and supply light entertainment if the figures are too depressing.

Selling.—The sales work can be all over the place. It is not at all necessary to follow the same pattern in any important function. In other words, the production can be split one way and selling another.

As a start, we will move the nerve center of selling out to the local sales front. Maine is not like Texas, no matter how one cuts it. Oregon differs from Florida in more ways than in climate. Few, if any, sales directives are indicated. May the Lord preserve the poor salesman at the tail end of a steady flow of home-office conclusions reached in the vacuum of central "mahogany-bound" thinking!

Break it down by products, customers, class of trade, and geographic areas. Acquire some self-starting sales leaders, and harness them to the production components, so that one can't hold back while the other pulls.

Some component chiefs have their own selling staff; some do not. Some may have later; some never. Circumstances control.

No sales manager can know all about everything, but a good one can know all about a given product, if the organization does not get in his way. He should be free from trial and error and especially free to make mistakes in test

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zones, with no carping from the boys in the ivory towers. Then, too, selling is not a constant. We must be free to change, adjust, amend, and finally jettison. Sometimes a torpedo can be very helpful.

What's Left?—The central staff men must begin to manage managements, not operations. There are times when the central group must step in, roll up its sleeves, and do some real benchwork. These are the emergencies and require all the skill available. However, at such a time the purpose must be to repair the management, not the factory. Through this, the central staff ultimately comes to have great power and far more control.

The central executives may take decisive action on the spot and at the time, but always within the pattern of delegating responsibility. Actually the top group becomes a service management to its components—in law, accounting, purchasing, laboratory, production, sales, merchandising, and finance. Its value can be measured by its ability to work itself out of a job. For if central management has spare time, it is because the integral parts are strong and well conducted. This provides time to improve that golf stroke, to use the sailboat, or to improve the tango.

One not unimportant sequel is the

fact that the most experienced men can continue to work, and the business will benefit over a longer executive life-span.

Central management, if not burdened by operating responsibilities, can be on top of its job rather than rushing along behind it. Surely in these complex days our most experienced men should have time to think and to study the trends. Events are occurring outside our business that affect the over-all policies and many of our decisions. Let us take one chore of today's man of business: his reading. Modern publications are full of important information. Papers by economists, experts, and technicians are important reading. To keep abreast of this torrent of material takes many hours of every week, and it pays off. Again, field studies out on the sales front. These men are free to go and talk to their customers, and customers usually have something to say.

Finally, we advance toward a balanced judgment. We develop a group of our best men into a small cohesive top team. Such men can be of great value to all the component parts. Don't you agree?

By ROBERT WOOD JOHNSON. *The Journal of Business of the University of Chicago*, April, 1946, p. 63:4.

Grants-in-Aid Available for Management Research

THE American Academy of Arts and Sciences announces that income from its Permanent Science Fund will be disbursed as grants-in-aid in support of research projects in the fields of Scientific Business Management, Manufacture and Commerce, Engineering, Psychology, Education, Economics and Sociology, Mathematics, Physics, Chemistry, Astronomy, Geology, Geography, Zoology, Botany, Anthropology, History and Philology, Medicine, Surgery, Agriculture, or any other science of any nature or description.

Applications for grants-in-aid are receivable on multiple forms which will be supplied upon request to the chairman of the Permanent Science Fund Committee, and are considered by the Committee on March 1 and October 1.

Requests for further information about conditions governing the grants should be addressed to: John W. M. Bunker, Chairman, Permanent Science Fund Committee, Massachusetts Institute of Technology, Cambridge, Mass.

Retire and Like It!

PERHAPS no greater cruelty can be inflicted on a healthy man who likes his work than for his job suddenly to be taken from him. Yet this is being done every year to hundreds of thousands of vigorous men who have reached 65 years of age.

With the war over, there may be a further lowering of the retirement age—to around 60. In this writer's opinion, we cannot afford the economic loss of the productivity of men between 60 and 65.

A possible solution might be gradual retirement, to be applied in a limited degree. Thus, in the year following his sixtieth birthday, a man would be given a two-week leave of absence without pay, in addition to his two-week paid vacation. In his sixty-first year his total time off would be eight weeks. The increment would be four weeks off per year, so that in his sixty-fifth year this would amount to 24 weeks of idleness, after which he might normally retire completely if he wished or continue to work. His income in his sixty-fifth year would be reduced by 42.3 per cent.

Let us see what this would accomplish for the individual and his employer:

1. These gradually increasing hours of leisure would force a man to learn how to use his spare time for recreational purposes or for the development of his avocations.

2. He would gradually, instead of suddenly, be required to adjust his method of living to his slowly reduced income.

3. He would gradually become accustomed to the thought of complete retirement, which would avoid the shock accompanying the present method of sudden total retirement.

4. He would have time to do some of those things which he had always wanted to do but couldn't during a two weeks' vacation.

5. The gradually increasing weeks off would require that an alternate be trained to take the place of the man soon to retire.

6. It would be possible to try out more than one prospective candidate for the older man's job. These men could be given enough responsibility to determine whether or not they were qualified to hold the job permanently.

7. The older man, with the increased periods of rest, would probably return to his job after such periods with new zest and vigor.

It may be objected that a department could not be operated efficiently with men taking so much time off. But if a department is properly organized, there will be more than one worker who can do a given job well. This should apply even to a small group. If a department manager knows beforehand when extended absences will occur, his problem is simplified.

If a man wished, and the management felt he was still useful, he could be permitted to work beyond the age of 65 on the short schedule.

—THOMAS SPOONER in *Forbes* 1/15/46

What Management Thinks of the Guaranteed Annual Wage

EVEN if workers demand it, management would not find it feasible at the present time to provide a guaranteed annual wage for the majority of its employees, according to 86 per cent of the company presidents queried in a recent *Mill & Factory* survey, made among all types and sizes of manufacturing establishments. Only 4 per cent of the respondents already have a guaranteed annual wage plan in effect at the present time.

Eighty per cent of those answering claim that, even by changing their sales policies, production schedules, distribution methods, etc., they still could not provide a guaranteed annual wage for the majority of their employees.

Fifty per cent state that the seasonal fluctuation of sales is the chief reason why they cannot guarantee wages.

If a guaranteed annual wage were forced on industry by law, 43 per cent of the respondents state that they would conform with the law and take a chance on making an over-all profit. In replying to this same question, 27 per cent said that under such circumstances they would have to go out of business.

—*Mill & Factory* 6/46

Office Management

Goodyear's Office Service Methods

WITH 176 employees working in several main divisions, the office operating department of Goodyear Tire and Rubber Co., Inc., Akron, Ohio, has grown and developed until it serves every other department in the organization.

The department's six divisions turn out a whopping volume of letters, mailings, printing, photographing, copying, duplicating, folding, inserting, and addressing. It also manages the company's telephone exchange—big enough to serve a city of 15,000 population—its telegraph services, its private leased wire for Teletype communications service. It repairs furniture and mechanical equipment, and it opens and distributes the mail, operates a messenger service, picks up and dispatches all outgoing mail.

The office service section proper handles the company's transcription, serving all departments which do not have private secretaries or typing sections. More than 100,000 dictated letters are handled yearly in this division. The same department has a specialized typing unit with specially trained operators who type statistical reports, prepare Mimeograph stencils, and Hectograph and Ditto masters.

A battery of duplicating machines—Mimeograph, Ditto, Hectograph, Multigraph—are kept busy in this department turning out letters, promotion pieces, instructions, reports, and a mass of other material. Last year the department turned out 17,000 Mimeograph stencils with 10,000,000 impressions

and 81,000 Hectograph and Ditto masters with 2,200,000 impressions. Gathering, folding, and inserting is another big job for this department. More than 20,000,000 pieces were handled here last year.

Two Graphotypes embossed 73,000 new Addressograph plates to keep the company's 300,000 name mailing list up to date during 1945. R. H. Shaffer, manager of the office operating department, devised and had built a special sound absorbent hood or housing, lined with Celotex tile, for one Graphotype. As a result noise has been so effectively reduced that he plans to have the other one similarly housed as soon as possible. The Addressograph equipment in the department made 3,250,000 impressions during 1945.

The printing section of the office operating department is one of the busiest in the entire organization. Its equipment consists of three platen presses, three small automatic presses, three Multiliths, and six Multigraphs, in addition to the usual stapling, cutting, numbering, and other similar devices. A small composing room furnishes the typesetting needed. Goodyear has worked out a very careful policy to govern the production inside the organization and the outside purchase of the many different types of printed matter needed. Only work which can be handled on small presses and, as a rule, which does not require the highest quality printing is handled in the organization. The company policy calls for outside purchases where the work

can be done better or more economically.

A well-equipped photograph studio and reproduction department, with two large Photostats, comprise another section of the office service department. Two darkrooms, modern printers and enlargers, and many lights and studio accessories enable the 11 employees of this department to make all necessary copies of documents and other material. The photographic department, in 1945, turned out 26,000 photographic negatives, 137,000 contact prints, 51,000 enlargements, and 285,000 Photostats.

The Goodyear private branch telephone exchange operates 24 hours daily, 365 days a year; 17 employees are required to keep it going. In addition to the regular telephone exchange, the company has a private automatic exchange for intercommunications, so that at no time do intercalls tie up outside telephone lines.

The telegraph department is composed of six Teletype connections, with two tie-lines to Western Union, and tie-lines to other large plants. In addition, there are scheduled services on the Teletype equipment daily to 20 subsidiary plants, offices, and district points. During 1945 there were 115,000 Auto-calls, 75,000 outgoing long distance calls, 50,000 private line calls, and 45,000 tie-line calls.

The mailing and telegraph departments employ 50 people and handle all the company wire and mail communications. The mailing department begins work at 6:30 A. M. when mail opening is started. The opened mail is first sorted into racks; from these racks the messengers load the mail into carts. The carts have two deep trays, the top one for incoming mail, the bottom for outgoing mail which is collected at the same time the incoming mail is distributed.

The mailing department handles a

daily average of 26,000 pieces of incoming, outgoing, and interdepartmental mail. In 1945 the telegraph department handled 135,000 telegrams and cables (in and out), 95,000 Teletype messages, and 35,000 private tie-line messages.

Another well-equipped and busy division at Goodyear is the furniture and office equipment repair and maintenance department. Here desks, chairs, tables, files, bookcases, and other furniture items are repaired, refinished, and maintained. Office furniture coming to this department is first sanded down to the wood, then repaired, and sent to the spray booth where it is completely refinished. Furniture leaving this department looks as good as new.

All but the largest or most complicated office machines are repaired and maintained in this department. It is manned by expert, factory-trained mechanics who understand operation and repair of office machines of all kinds.

The office operating department works closely with the purchasing department, each department cooperating with the other. The purchasing department thus contributes its knowledge and skill in buying, the office operating department its experience in actual use of many different equipment and supply items.

Flexibility is one of the key principles upon which the Goodyear office operating department is operated. Personnel may be drawn from one type of work to another in times of emergency or rush. Hours in the mailing department are staggered so that peak work brings more people to the job as needed. Office hours change during winter and summer so that people are dismissed early in the afternoon during the warm months.

Goodyear may be said to be neutral in the matter of centralization of cer-

tain office operating tasks. Every job is carefully studied before it is decided whether it shall be done within a department, or in a centralized department such as the office operating.

The chief consideration seems to be that the job must be done where it can be handled with the greatest economy, dispatch, and accuracy, consistent with

the service needed. Thus with this insistence on flexibility, and upon giving the best service to every department, there is no forcing of work through traditional channels—unless those channels have been demonstrated to be best able to handle the job.

American Business, May, 1946, p. 14:5.

How Do Industrial Editors Regard Their Jobs?

SIXTY-TWO per cent of industrial editors feel that there is a progressive future for them in their profession, but only 58 per cent classify their organizations as progressive. Thirty-five per cent feel that editors receive adequate compensation for the work they do. Fifty-five per cent receive more than \$3,500 a year, and an even 60 per cent have had a salary increase within the past year. Only 18 per cent of editors whose plants were or are on strike were asked to explain the facts about the strike through their publications.

These and other significant facts were revealed at a recent one-day clinic of the Industrial Editors' Association of Chicago, which was attended by roughly 300 editors of employee and sales publications, as well as business journals and business association periodicals in the greater Chicago area.

The group was evenly divided—40 per cent each—between editors of internal or employee publications and editors of business, sales, or association periodicals. The remaining 20 per cent represented advertising agency and sales officials, public and industrial relations managers, etc.

For the first time in industrial editing history, a successful poll of income was taken. With 55 per cent declaring that editors do not receive "adequate compensation for the work they do," 12 per cent revealed a yearly income of less than \$2,500. Twenty-five per cent declared their income is between \$2,500 and \$3,500, while 55 per cent collect more than \$3,500. Only 8 per cent of the group refrained from voting on these matters.

In response to the question: "Would you like to see a union for industrial editors?" the nays voted down the ayes by three to one.

—*Industrial Marketing* 2/46

AMA SEEKING COPIES OF AGREEMENTS WITH OFFICE UNIONS

To develop a pool of up-to-date information on labor relations developments in the office field, AMA is seeking to enlarge its collection of union contracts covering clerical workers. The Association will be grateful to all companies which have entered into such contracts if they will file copies of their agreements at AMA headquarters.

In any use which is made of this material, names of companies or unions involved will not be mentioned. Copies should be addressed: Editor, American Management Association, 330 West 42nd Street, New York 18, N. Y.

Designing Better Office Forms

WHEN it is remembered that office forms are used to transmit information, to accumulate control data, and to furnish vital reference material for the everyday transaction of business, the importance of economical design becomes apparent. The following are some suggestions of the Knoxville Chapter of the National Office Management Association for setting up efficient office forms:

1. Choose a size that will conform to standard equipment.
2. Study the purpose and content of a new form. Most forms do not operate independently. Compare the form with others employed in the procedure to avoid duplication of data. Forms should not call for any more information than is absolutely necessary.
3. Arrange the items in practical, logical order to conform with the sequence of the posting media. Group related items. When a number of items are to be transcribed to another form, those items should be grouped and arranged in the same order on both forms.
4. Use short, common terms for captions or titles. Leave adequate room for posting. Wherever appropriate, use check boxes to save writing.
5. The index margin of the form, usually at the top, is the part used for filing and finding. Be sure that this index margin contains all the information one must see first in handling the form.
6. Consider the method of completion of the form. If machine-posted, be sure to space the form to accord with the machine, and design it to use as few tabular stops as possible. If hand-posted, allow more writing space than for machine entries.
7. Horizontal lines are unnecessary for forms completed by machine, but should be used for forms completed in longhand. Horizontal lines appearing on forms to be completed by hand should be spaced not less than $\frac{1}{8}$ inch apart for field work; not less than $\frac{1}{4}$ inch apart for desk work.
8. Use the proper paper stock; rag stock for permanent records only. For durability of records, thickness is not so important as quality of stock.
9. If the form is posted by machine, be sure the grain of stock runs vertically thus reducing the tendency to curl.
10. Consider the use of colored paper for copies to facilitate handling of forms in the procedure.
11. Use enough guides in filing forms: an average of 10 to 15 forms behind each guide for posting; 25 to 30 for reference.
12. Set up a predetermined, orderly arrangement of guides as in an outline, to speed up the handling of the record.
13. The design of forms is affected by the type of equipment in which they are to be filed. There is equipment to house records both for posting and for reference purposes. Base your selection on the type of equipment most frequently used for the record.
14. In ordering forms from the printer, remember that there is a big difference in price per 1,000 up to 25,000, after which the rate of increase is greatly reduced.

—NOMA Forum 4/45

OFFICE MANAGEMENT CONFERENCE

A Conference of the Office Management Division of the American Management Association will be held on Thursday and Friday, September 19-20, at the Hotel New Yorker, New York City.

Wage and Salary Administration in the Transition

BEFORE considering how wage and salary administration will function during the period immediately ahead, let us define our terminology. Simply put, wage and salary administration means merely this: "A management program for employing systematic and orderly approaches for the solution of problems connected with the equitable distribution of the wage fund among the workers involved."

What does the solution of this problem involve? It means answering the following questions: First, what are the jobs or work assignments for which we have to pay? Second, how do these jobs or work assignments compare in over-all complexity and importance, or in over-all difficulty and responsibility? Third, how do we price these complexity and difficulty levels or differences among our jobs in an organization? Fourth, how can we appraise and recognize individual differences in employee performance on the same jobs or jobs of equal grade? And fifth, how can we keep our program up to date?

Let us break down this problem into its component parts along the lines of the foregoing questions.

The first question was: What are the jobs? The process involved in defining the jobs is commonly known as job analysis, or job description, or preparing job specifications. In the past we found very little job analysis, very few job specifications. The common practice was to use descriptive titles rather than job descriptions. We found, in a large number of cases, employees erroneously classified, having

been assigned to these descriptive job titles not on the basis of the work they were doing, but on the basis of their job titles which were used as a means of determining pay alone.

During the war period the trend turned toward systematic job analysis and description, with emphasis on job specifications rather than on job titles. We found centralized control—not necessarily centralized assignment—but centralized control of assignment of individuals to job specifications. We have made use of more and more job specifications to cover the same number of employees, in order that we may differentiate more distinctly among jobs within our organizations. We have found a sudden dawning of the realization of an old truth: that job descriptions or job content are constantly changing, and this, of course, will be especially true in the transition, as it was in the conversion period. And we have found an increase in employee participation in job analysis and job description work.

Therefore, looking at the past, the war era, and the immediate future, it seems safe to predict that during the transition period we will see more and more firms maintaining a perpetual inventory of job content—that is, keeping on top of their job content changes and seeing that those changes in content are recorded properly on job specifications. We will find that many companies will make such changes as they occur in job descriptions and base rates, and that there will be wider acknowledgment of the need for recording the present characteristics of jobs and

working out a procedure for immediately recognizing any changes.

Now let us consider the next question which concerns the comparison of jobs on the basis of relative difficulty and importance. This process is known as job grading or job evaluation. In the past, there was much emphasis on decentralized, haphazard, rule-of-thumb rate-setting for the various jobs. Rates paid for jobs were often determined by arbitrary individual decisions. During the war, however, we observed a trend toward the systematic approach, with job evaluation centrally controlled but decentrally administered. We were given encouragement by at least the National War Labor Board to use job evaluation programs; an awareness spread through both organized labor and management about what job evaluation is and what it can do.

In the future we are going to have to have some basis on which we can recognize immediately changes in job content and therefore in relative job worth. We must have a defensible plan for justifying making or not making changes in job rates. We are going to find that organized labor and the labor market practices of the more forward employers will force what might be called the more backward companies into acceptance of systematic wage and salary administration and job evaluation. And we are certainly going to find that the appropriate differentials between white-collar executive groups and those in lower-grade jobs—differentials that tended to get out of line during the past four or five years—will have to be restored.

The next question is the question that has to do with pricing the difficulty and importance scale. The process is known as the labor market survey.

In a good many of the labor market surveys conducted before the war there

was little analysis based on accurate comparison of the jobs used for key or anchor jobs by the investigating company with the content of the jobs reported by the cooperating companies in the survey. Often the results were reported more by guess and inspection than on the basis of any recognized statistical method.

During the war period, however, we found an enforcement of the area and industry labor market principle by government agencies. We found a greater willingness to cooperate and participate among the companies within an area market. We found company after company making labor market surveys on the basis of detailed job descriptions rather than on the basis of job titles; and recognized statistical methods were used in analyzing the data thus secured.

In the future we shall probably see a rapid growth of industrial and community market survey groups that will engage in making surveys based on detailed comparisons of job content. These groups are going to get together to develop methods by which differences in job content among the jobs of the several participating companies can be evaluated and used in determining differences in wage scales.

The next question that we must settle has to do with the appraisal of differences in individual performance. There are at least two processes involved in this appraisal. One is a process called employee merit rating, and another process is called wage incentives.

In the four or five years just past, we have found a deplorable increase in the installation of large group or company-wide incentive plans, often used, unfortunately, as an excuse for an over-all increase in the wage scale rather than for genuine incentive value.

We have observed an increase in the application of systematic employee merit rating plans, applied particularly to those jobs on which the output cannot be measured. There have been rulings of the War Labor Board in connection with employee participation in determining in-grade increases.

In the future the trend will probably swing back toward the application of individual wage incentives based on adhered-to operating standards and, hopefully, away from the rather haphazard, camouflaging group incentives, based on studies of past production, which have become so common in the past few years. And it is probable that employees will have more information about, and participation in, the setting of the standards on which the wage incentives are based.

The last question regarding sound salary and wage administration is concerned with keeping the program up to date. The program should be maintained under centralized control with decentralized administration. This means merely that the supervisor responsible for getting performance out of an individual should be the person who initiates changes in that individual's rates. In order to keep activities among the various supervisors equitable and standardized, however, there must also be some control group to formulate an over-all policy by which the individual supervisors can be guided in making their decisions.

In the past four or five years a number of plans have been installed to meet governmental requirements or to conform to pressing demands arising out

of collective bargaining. They were installed hastily, under the direction of what I am afraid I shall have to call, in some cases, quacks in the field of industrial consulting. Fortunately, it appears that many of these plans have been lapsing slowly but surely into innocuous desuetude. Others have been kept up to date with some kind of a mental reservation on the part of management to let them lapse just as soon as the opportunity arises.

As far as over-all wage and salary administration plans are concerned, it appears that during this transition period we are going to find ourselves more and more forced to maintain systematic programs because of the changes that are taking place in job content and wage concepts. If the workable plans that are in effect now are not maintained, management in future difficulties is surely going to find itself polishing the brass on the sinking ship of its labor relations.

In conclusion, it should be pointed out that postwar wage administration is a management "must." As such, it must be sincerely and systematically handled. The administration must be based on a knowledge and application of the basic principles involved; it must be acceptable to labor, organized as well as unorganized, and particularly acceptable to the supervisory and white-collar executive group. And, finally, it must be installed by experienced and well-trained personnel.

From an address by S. L. H. Burk before the Southern Conference on Human Relations in Industry, September 13-15, 1945.

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- TO INCREASE READERSHIP of its bulletin boards, one company occasionally puts "teasers" on the boards—for example, announcements that if such-and-such women employees will call or write in, they will be allowed to order nylons. Readership is also enhanced by a calendar of company events, which the new employee learns to rely on as a guide to company activities.

—ERNEST DE LA OSSA before the National Office Management Association

How to Get Comparative Wage Figures

WHETHER you have already been presented with higher wage demands or expect them in the near future, now is the time to assemble your wage case. When demands are based on the grounds that similar firms pay higher rates for identical jobs, you must have complete information about wage rates paid by comparable companies in the same industry or area, to prove that your wages are as high or higher.

Some few trade associations may have such information, though many lack facilities for making a comparative wage survey. However, check with your trade association as a first step. You may not have to look further. Some data may be obtainable, also, from the Bureau of Labor Statistics of the Department of Labor, the local Chamber of Commerce, trade journals, and union publications.

In most cases, you will have to seek the cooperation of fellow employers, even competitors, to obtain such data. Experience under War Labor Board proceedings has done much to convince even competing employers of the need for such cooperation. To overcome any resistance you may encounter to divulging information on such cost items as wages, however, offer to provide a copy of your own pay schedule on request. If you explain your purpose, the use to which you plan to put the information, and your own willingness to cooperate, you should not have too much difficulty. In any event, contacting many firms should produce enough replies to be helpful.

Here are the facts you will need:

1. *Job descriptions for comparable jobs.* Consider the advisability of sending with your request for wage rate data the bases of your job descriptions

and a brief statement of the methods you used. The more uniform the groundwork of rate comparison, the more valid will be the results. The type of job descriptions exchanged for comparison of wage rates can be summarized from complete job descriptions but must: (a) clearly present the degree of difficulty and responsibility of the jobs; (b) describe the worker's activities clearly and simply; (c) restrict technical terms to those commonly used in the industry; (d) define any processes, equipment, or terms peculiar to one plant.

Your abbreviated job descriptions must be based on job analysis data and should be supported by detailed job descriptions in your personnel files. The following key elements constitute the basic technique of preparing brief, standardized job descriptions:

1. What does the worker do with his hands? With machines? What tools does he use? What machines?
2. What must he know to perform these duties? What skills and abilities must he have?
3. What is his relation to others in the process—supervisor, co-workers, helpers?
4. How many others perform the same work? Does the worker have sole responsibility for it?
5. What is the level or grade of work performed—for example, Assembler A, Bookkeeper 3?
6. What decisions does he have to make? To what extent are they controlled by established procedure? To what extent must the worker use independent judgment?
7. Under what conditions is the job performed? What hazards exist?
8. How long does it take to learn the job? To acquire proficiency?

2. *Wage rates paid for comparable jobs and working conditions considered in setting the rates.* Take into account all factors affecting pay rates. Presence of such factors as the following in some companies may result in their

having higher wage rates than are paid by other firms for identical jobs: (a) unpleasant working conditions, such as excessive dirt, extremes of temperature, etc.; (b) special hazards, such as dan-

gerous fumes, flying metal, etc.; (c) inconvenient working schedules, such as night or weekend shifts (though these are sometimes compensated for by special benefits such as paid lunch

Questionnaire to Determine Comparative Wage Rates

(For use by trade associations, Chambers of Commerce and employer groups)

I. Wage Rate Factors

1. When does your workweek begin and end? From To
2. What are the average number of days your employees worked in 1939.....; 1940.....; 1941.....; 1942.....; 1943.....; 1944.....; 1945.....
(Give figures for earlier years if available)
3. How many temporary workers do you have?
How many part time?
4. What is the make and age of your machines?
5. What is the average workload per employee?

II. Other Benefits Provided

1. **Paid Vacations**
 - (a) What paid vacations do you give? week(s) after year(s); weeks after years; weeks after years.
 - (b) How much vacation pay? hours for each week of vacation; average hourly earnings for previous weeks.
 - (c) Do you include overtime earnings in figuring vacation pay? Yes; No
 - (d) Do you add a day if a legal holiday occurs during a vacation? Yes; No
2. **Paid Holidays**
 - (a) How many legal holidays do you give with pay?
 - (b) Which ones?
 - (c) Do you count a holiday off as time worked for overtime purposes? Yes; No
 - (d) What do you pay for hours worked on a holiday? Time and a half; Double time; Other
 - (e) Do you include hours worked on a holiday when computing weekly overtime? Yes; No
3. **Paid Lunch Periods**
 - (a) How much lunch time do you pay for? None; Half-hour; Hour; Other
 - (b) Have you always paid for lunch period? Yes...; No...
 - (c) If you answered No to (b), when and why did you start
4. **Paid Rest Period**
 - (a) Are you subject to the Wage-Hour Law? Yes; No
If you answered Yes to (a), answer (b) only if you give paid rest periods of more than 20 minutes.
 - (b) What paid rest periods do you give?
 - (c) To whom do you give paid rest periods? Women only; Men and women
 - (d) If women only, is it required by state law?
5. **Paid Sick Leave**
 - (a) How much sick leave do you give? None; days a year.
 - (b) Do you pay only for absence because of on-the-job injuries? Yes; No
 - (c) Must sick leave be certified? Yes; No
If answer is Yes, by whom? Foreman; Company physician
 - (d) Do you give full pay; partial pay?
 - (e) Is unused sick leave accumulated? Yes..... No.....
 - (f) Is unused sick leave converted into pay? Yes... No...
6. **Insurance**
 - (a) Do you have an employee insurance plan? Yes.. No...
 - (b) If you answered Yes to (a), do you pay all costs? If you answered No to (b), how much do you contribute?; How much do employees pay?
7. Do you have a pension plan? Yes; No

8. Bonuses

- (a) What annual bonuses do you give?
- (b) Do you have an incentive plan? Yes..... No.....
- (c) If you answered Yes to (b), do you give 100% of standard; 75%; Other

9. Premium Payments

- (a) When does overtime pay begin? After 40 hours a week; After 8 hours a day; Other
- (b) Is such payment required by law? Yes..... No.....
- (c) What overtime rate do you pay? Time and a half; Double-time; Other
- (d) Do you pay overtime rates for weekend work as such? Yes; No
- (e) If you answered Yes to (d), what rate do you pay? Time and a half; Double-time
- (f) If you answered No to (d), do you pay overtime rates for 6th and 7th consecutive days of work?
- (g) If you answered Yes to (f), what rate do you pay? For 6th day; For 7th day
- (h) What absences do you count as a day worked? Partial day's absence; Holidays off
- (i) For what other work do you pay premium rates? Other

10. Annual Guarantee

- (a) Do you have any annual wage or employment guarantee? Yes; No
- (b) If you answered Yes to (a), what part of your workforce does the guarantee cover? All; Other
- (c) How much do you guarantee? Hours per year; Weeks per year; Other

11. Stability of Employment

- (a) How many employees were on your payroll in 1939; 1940; 1941; 1942; 1943; 1944; 1945
(Give figures for earlier years if available)
- (b) What was your annual payroll for the same years?

12. Equipment Provided

- (a) Do you provide all necessary tools and equipment?
- (b) If you answered Yes to (a), is it required by law?

13. Individual Increase Plans

- (a) Do you have a merit increase system; Automatic increase system; Automatic to midpoint of range and then on merit; Other
- (b) If a merit increase system, does the union participate in any way? Yes; No

14. Working Time

- (a) Are you subject to the Wage-Hour Law? Yes; No
- (b) If you answered No to (a), check those of the following for which you pay as time worked:

Time spent punching time clock	Waiting time
Waiting at cashier's window for pay.....	Time spent on grievance procedure
Clean-up time	Down time
Check-up time	Time spent on safety programs
Travel time	Other

15. Are your employees represented by a union? Yes; No

16. Are you now negotiating with the union on wage increases?

III. Rates and Job Classifications

Attach list of job classifications (with descriptions) and applicable rates or rate ranges in whatever form is most convenient.

periods, etc.); (d) sporadic employment; (e) preponderance of temporary or part-time workers; (f) heavier comparative workload per employee, necessitated by a smaller workforce.

If possible, find out how much in cents per hour has been added to the job rates for each such factor considered. This will enable you to make accurate comparison and proper discounts when your wage rates reflect some of these factors, while those of another employer reflect either different or additional ones.

If you pay a range of rates for a job, direct comparison can be made only with employers who also pay rate ranges. The same is true of single rates. However, it is possible to compare single rates with rate ranges by considering the midpoint of the range the equivalent of single job rates. Thus, a rate range of 90 cents to \$1 is the same as a single rate of 95 cents. Valid comparison being difficult in the case of random rates—unplanned and uncoordinated wage rate schedules that usually accompany loosely constructed job classifications—it will be necessary to compare the weighted average of the rates paid to all employees in a specific job classification with either the single job rate or range midpoint, as the case may be. If your workers' rates are clustered near the range maximum, as is often the case where there has been little turnover, you will find it advantageous to use weighted averages as a basis for comparison.

3. Other benefits which the employer provides. Lower wage rates are often counterbalanced by employee benefits. These should be included in the total picture for comparison with any higher rates paid by other firms with less liberal or no benefits of this type. As far as possible, reduce these benefits to an hourly basis to permit such com-

parison. Company policy on the following points should be determined with respect to your own employees and those of other firms:

(1) Vacations.—In addition to length of vacation allowed, determine relative liberality of vacation plans, with respect to: amount of pay, eligibility requirements, method of computing pay (inclusion or exclusion of overtime, special premiums, etc.), provision for holidays occurring during vacation, whether time of taking vacation is at the employees' option, prorating of vacations for less than a year's service or for service between one and five years, amount of accrued vacation pay given upon termination of service, etc.

(2) Paid holidays.—Number of holidays given off with pay; whether holidays off, with or without pay, are counted as hours worked for overtime purposes; premium rate paid for holidays on which work is done; treatment of hours worked on holidays in computing weekly overtime. Make a point of any special handling of holiday hours which adds to employees' take-home pay.

(3) Paid meal periods.—These were sometimes instituted during the war, when operations were changed from one to three shifts. Otherwise, they are not common practice for production workers and should count heavily against other lesser benefits and small variations in wage rates.

(4) Paid rest periods.—If the Wage-Hour Law—which requires that rest periods of less than 20 minutes be considered paid working time—applies to your operations, you will not be able to use this factor. If not, and you give paid rest periods, bring out this point.

(5) Sick leave.—Unions have fought hard for paid sick leave, and it is still a valued concession where production workers are concerned. In addition to

amount allowed each year, determine liberality of sick leave plans with respect to: length of waiting period, whether limited only to on-the-job injuries, whether it must be certified by the foreman or company physician, whether full or partial pay is given, whether it may be accumulated or drawn upon in advance, eligibility requirements, year-end conversion of unused sick leave into extra pay, etc.

(6) Insurance.—Compare not only the presence and absence of insurance plans but also the value to the worker of different types of insurance. Normally, those which provide current benefits would have more appeal for most workers, and it would be possible to estimate and compare benefits actually drawn upon. Contributory insurance plans can be set off against each other in accordance with the percentage contributed by employer and employee. Obviously, a non-contributory plan is a benefit of considerable weight.

(7) Pension benefits.—Contributions from employee, if any; age at which benefits are paid; withdrawal and loan privileges; amounts paid on termination of service; eligibility requirements, etc.

(8) Bonuses.—When actual wage rates fail to compare favorably, incentive or production bonuses often result in actually higher take-home pay. Incentive bonuses can be compared both as to production standards and amount of bonus—that is, 100 per cent of time saved, as against a shared bonus of differing amounts. Annual or profit-sharing bonuses might be compared also.

(9) Premium pay.—Overtime and other extra compensation provisions are of great importance in take-home pay. As far as hourly overtime is concerned, overtime after eight hours a day or 40 hours a week—whichever is greater—is

of more value to the employee than weekly overtime. Important factors here are: rate of overtime pay, number of hours after which overtime begins, provisions for higher overtime rates for unusually long hours (such as time and a half after eight hours and double time after 12). In comparing provisions for weekend premiums, an important factor is whether the premium is paid for Saturday and Sunday work as such, or whether they must be the sixth and seventh consecutive days of work. If the latter, you must weigh such additional factors as counting a partial day's absence as a day worked, counting holidays off with or without pay as days worked, etc. Consider also such other types of premium pay as overtime rates for work before or after the regular shift—regardless of the number of hours—special rates for emergency or especially difficult or unpleasant work, etc.

(10) Guarantees.—Guarantees of employment or wages weigh heavily in the balance. To be of value, it is not necessary that a guarantee be for 40 hours of work or pay for everybody for 52 weeks in the year. Guarantees even to a small number of employees or for less than 40 hours or less than 52 weeks will count when wage rate comparisons are being made. Assured annual income often stacks up well against higher wage rates for an uncertain or definitely limited number of hours.

(11) Stability of employment.—Even if you have no specific guarantee plan, you may find that, compared with other employers, you have provided relatively stable year-round employment for your workers. Figure your payroll on an annual basis and stack that up against the annual payroll of other employers who may be paying higher rates. Include prewar years in your showing of annual employment figures,

since abnormal conditions prevailing during the war may invalidate computations based solely on the last four years.

(12) Equipment provided.—In industries where the workers themselves bear the expense of providing and repairing their equipment, firms that assume such expenses should take this into account in any wage rate comparison. Payment for time spent assembling or repairing equipment, etc.—where not required by the Wage-Hour Law—should also be considered.

(13) Individual increases.—Consider the presence or absence of an increase system and type of system used. An automatic length-of-service increase plan is of great advantage to employees and one for which unions have been pressing. A merit increase system is often considered of less value by employees unless there is union or worker participation for the remedy of individual grievances.

(14) Working time.—Where the Wage-Hour Law requirements are not involved, consider carefully company policy with respect to pay for time not worked, such as: time spent punching the clock, clean-up time, etc.

4. *Whether or not the plant is unionized.* Comparison of wage rates paid by a non-unionized plant with your own wages will be rejected by a union on the grounds that they are bound to be lower than rates a union would accept.

Determine, then, whether pay practices in any one company are the result of unilateral employer action in the absence of a union or the end-product of union negotiations. It is best to disregard wage rate data received from non-unionized companies in making any comparisons for purposes of collective bargaining. However, expect union attempts to use the sick leave or insurance benefits provided by such firms as standards in urging the same demands on you. Insist that any lower wage rates paid by such companies also be considered in appraising your firm's wage rates. Some employers require that the pay practices of non-unionized companies be completely excluded from consideration, or included in their entirety.

5. *Possible effect of any current negotiations on present wage rates.* The employer whose wages you are using for comparison may be conducting wage negotiations. You will need to know how close he is to settlement, and what the final wage rates are likely to be. You obviously cannot use obsolete or almost obsolete wage rates for purposes of comparison. However, you can compare wage rates before union-negotiated adjustment to compute the possible wage increase which you may have to grant to match the other firm's action.

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DATES CHANGED FOR PERSONNEL CONFERENCE

The Fall Personnel Conference of the American Management Association will be held on Tuesday and Wednesday, October 8-9, at the Hotel Statler, Boston, instead of October 7-9, as originally scheduled.

Cooperative Training—Dare Management Try It?

IF management needs any evidence to indicate its failure to establish sound relations with its subordinates, it need only look at the movement on the part of supervision to organize. The trend toward supervisory unionization constitutes a serious indictment of management's effectiveness. And the question naturally arises, "How can management bridge the gap that isolates it from its supervisory personnel?"

The traditional methods have failed. A new type of program is needed to jar management, lower executives, and supervisors from their past attitudes and start them thinking anew about each other and the company. The best term to describe the method is *cooperative training*. It will not do the job in and of itself. It will bridge the gap, however, and judicious follow-up on the part of an alert, wise management can then consolidate the gains.

Scope of the program. The fundamental machinery of the program is the cooperative analysis of a company's policies and practices in the light of its problems and needs. This analysis is made for top management by selected lower executives and supervisors from every department and supervisory classification in the company. It is conducted as independently as if by a group of outside consultants. Completely free and untrammelled discussion must be permitted to all participants. Other important goals may be reached at the same time but these must be subordinate to the main objective—to obtain a complete picture of what the lower executives and the supervision are thinking and what they advise. Their opinions and recommendations are first embodied in preliminary reports prepared by subcommittees. These are synthesized in a final report to management. This is

usually prepared by all the chairmen of the subcommittees and represents most carefully considered opinions and suggestions of the entire group.

The topics covered in one company will illustrate the general type of problems analyzed: Personnel Policies and Attitudes Necessary Today; Putting Personnel Policies and Practices into Effective Operation; Merit Rating; Promotions and Transfers; Employment Policies and Practices; Training and Education; Employee Services; Discipline; Grievances; Wage Rates and Classifications; Management Control; Follow-up; Final Report to Management (approved by entire conference group).

The first topic (Personnel Policies and Attitude Necessary Today) is concerned with ideal policies and attitudes, without regard to practicality. The second (Putting Personnel Policies and Practices into Effective Operation) asks how far these goals are being realized in the company and suggests how far they should be carried into effect practically. Each conference group furnishes two committees which prepare reports on these two topics. In this company the entire conference was divided into six groups. Thus Reports Nos. 1 and 2 were prepared independently by six different subcommittees; the other reports, except the final report, were prepared by only three committees, since more than three reports cannot be adequately discussed in the same session by the various groups.

All the groups prepare Reports Nos. 1 and 2 in order to obtain the most complete possible airing of all problems in the company and the subjects covered in the first two reports form the basis for assigning other topics to the various subsequent committees.

The schedule also includes a variety

of reading assignments on subjects of interest and value to supervisors. Material selected should, of course, be pertinent to the company's own problems and of sufficient interest to provoke some discussion within the various groups.

Scheduling the program. The program should run for 12 weeks and the meetings should be scheduled three times per week. Conferences should last the minimum of an hour and maximum of an hour and a half. It may be felt that this is too much time. However, good personnel and supervisory methods and techniques must be absorbed gradually; they must be worked in by the experience of the recipients themselves. Also, the preparation of the committee reports takes time, if they are to be of real benefit.

Selecting participants. The conference members should be drawn from all departments—manufacturing, sales, engineering, administration, etc. One of the most valuable contributions the program can make is to promote better understanding and cooperation among the members of the different departments. For this reason the representatives of each department should be distributed equally throughout the various conference groups, so that each group will be a small cross-section of the entire company.

Likewise, all classifications of supervision below that of a plant superintendent or its equivalent should be represented. The same is true of all the shifts, though it may be hard to include representatives of the third shift. There is no need to try to have proportional representation for the different classifications; it is important, however, that the viewpoint of each classification be adequately represented. The personnel department, however, due to the nature of the program,

should be more completely covered than any of the other departments. The value to the personnel staff of getting a close-up picture of the reactions of the mass of the supervisors to most of its activities can hardly be over-estimated.

The percentage of the executive and supervisory personnel covered depends on the specific aims of the program. (1) If analysis of company policies, organization, and practices is the primary aim, and the education of the mass of supervision secondary, the program should be aimed at only the key personnel among the minor executives and the supervisors. (2) If both analysis and education are considered of equal importance, the coverage should be broadened until it includes all those considered to be definite supervisory assets now, or who are likely to be at some future date.

Men from the same department must be selected in a way that no one will feel hesitant to "speak his piece." For instance, it would be unwise to place a supervisor and his immediate superior in the same section. Complete ease, leading to untrammelled expression of opinion, insures the greatest possible success of the program.

The first and last meetings should be attended by all the conference members. For all other meetings the conference is broken up into permanent groups. Experience had shown that the best results are obtained if the groups range between 20 and 30. Meetings, incidentally, are usually held one-half on company time and one-half on the supervisors' own time.

Three committee reports, as previously stated, are prepared simultaneously for each topic except the first two, on which all groups prepare separate reports. The final summary is, naturally, a single report. When

total membership is too large to permit each member to serve on at least one committee and participate in the preparation of one of the three reports, more than three may be written. However, no more than three should be presented for consideration at one session, since that is the maximum that the members can profitably compare in a single meeting.

All reports should be completed in time to be mimeographed, handed out, and read before discussion of a particular topic begins.

The final committee is composed of all subcommittee chairmen or, if such an arrangement would make for too large a group, of chairmen turning in the best and second-best reports on each topic. These can be decided by the reactions of the groups themselves to the reports. In case of doubt the conference leader should use his best judgment. All topics, classifications and departments should be represented on the final committee.

At least a three-fourths majority

should be required for adoption of the final report; every conference member must be given an opportunity to vote.

Follow-up. Management should immediately put into effect all those recommendations which are practical. After six months or a year it may be advisable to call the entire group together to report on its accomplishments and discuss further progressive joint undertakings. Close follow-up of the conference participants should insure that they are practicing the improved supervisory techniques they absorbed, and can be used to promote better teamwork throughout the entire company.

This program will yield excellent results in almost any organization under present operating conditions—provided its management dares to carry through cooperative training sincerely and open-mindedly and actively follows it up.

BY REXFORD HERSEY. *Advanced Management*, December, 1945, p. 146:9.

Retirement Plan

MACFADDEN Publications has released details of an employee retirement plan approved at a recent meeting of the company's stockholders. Said O. J. Elder, president of Macfadden: "In each year that the company's profits equal or exceed \$1,250,000, the company will set aside 10 per cent of such profits in a trust fund for the sole use of employees and their beneficiaries."

Gist of the plan: An employee who has worked for Macfadden for three years may become a member of the profit-sharing retirement plan. Benefits are figured on a unit basis (one unit for each \$100 in salary received during the year, plus a unit for each year of continuous service above the initial three). At the age of 65, an employee may elect to receive his share of the fund in 10 equal annual payments or to have the company purchase an annuity for him with the money.

—Tide 6/14/46

• IN OCTOBER, 1944, average weekly earnings of women office workers in New York State factories were \$33.83, according to the New York State Department of Labor. Female office workers in war industries averaged \$36.74; women in consumer industries, \$30.66. Averages of these same employees in October, 1945, were as follows: factory, \$33.23; war industry, \$34.07; consumer industry, \$32.59.

—Facts on Women Workers (U. S. Department of Labor) 6/46

Production Management

The Decline in Labor Productivity

THE single factor that has made America great industrially has been the productivity of her factories. Instead of turning out cars by the hundreds, we turn them out by the millions. We produce steel by millions of tons, aluminum by millions of pounds, and gasoline by millions of gallons. This has permitted American industry to pay high wages and charge low prices. It has stimulated the wide buying of manufactured products and given American workers by far the highest standard of living in the world.

The postwar period, however, finds industry in a production turmoil. Re-conversion from war to peacetime production has been unexpectedly rapid. There is a fabulous demand for manufactured goods of all kinds. The plants are ready to produce, but production is a mere trickle of what it should be.

It is granted that price ceilings, labor disputes, and scarcity of materials and parts are the primary factors hampering all-out industrial production. But in many cases, where these detriments have been partially overcome, there is still another factor that is holding back production and baffling industrial management. This is the seeming decline of labor productivity—despite greatly increased wages and improved working conditions.

Hundreds of actual examples illustrate how far productivity has fallen from prewar levels—for identical jobs done in exactly the same way.

In an automobile plant it required 70.51 minutes to machine a cylinder block in 1940. This identical job in 1945 required 125.01 minutes, an

efficiency decrease of over 43 per cent.

The rate of assembling needles to bearings in 1941 was 500 per hour. That rate on the same job in 1945 was 300 per hour—a decline of 40 per cent.

To assemble a radiator assembly in 1940 required 21.36 minutes; in 1945 it required 31.09 minutes—an efficiency decrease of over 34 per cent.

These instances are typical of what is happening in a great many metal-working plants. Time study checks have been made on all these jobs and fully corroborate the rates established by the prewar studies.

Immediately after the war, when the decline in labor productivity became apparent in re-established civilian industries, many manufacturers shrugged it off as an understandable letdown on the part of labor, after the stimulus of several years of war production. It was believed that this letdown would quickly pass off; that labor would settle down to civilian production and turn out goods, at least on a par with prewar production standards. According to all reports, this has been far from the case.

The employment of a certain amount of inexperienced help undoubtedly has some effect on the cumulative labor output. While many 1945 workers have had considerable experience in various plants during the war, they have not acquired as much experience on specific jobs as had the prewar worker.

Another factor that causes productivity to decline is lack of experience on the part of organization and tooling personnel. Poor production layout, as

well as slow and inferior tool setup, have an immediate and drastic effect upon over-all worker output. In many plants this condition has already been greatly improved by the return from the armed services of experienced supervisory personnel and by the improved work of the existing personnel. It is still, however, a factor that must be considered in evaluating the output per man-hour of a plant.

Interruptions in the flow of materials and parts is a third factor affecting labor productivity. Seventy per cent of the manufacturers answering a recent survey indicated that scarcity of raw materials and parts was seriously affecting their output. But even when parts and materials are on hand, their uninterrupted flow to the proper place at the right time is necessary to permit maximum worker output.

Making ample allowance for all these factors affecting labor productivity only accounts for a small percentage of the actual decline as noted by many companies. The great majority of company executives with whom this problem has been discussed point out the workers' lack of interest in their work as the principal cause of present labor inefficiency.

According to these industrialists, labor has to a large degree assumed a puzzling attitude of indifference about doing a job, contrasting sharply with its outlook prewar. Formerly, the average workman was proud of his skill, proud of the company for which he worked, and was anxious to turn out a fair day's work. Skilled workers were looked up to by their fellow-employees, and the pay differential between skilled and unskilled jobs made it well worth while for a man to improve his ability.

The rapid growth of industrial unions, immediately before the war,

started to change this picture. In unionized industries a definite trend got under way to reduce the wage differential between skilled and unskilled labor, the latter far outnumbering the former as union members, and seniority rather than ability became the principal criterion to be considered in making promotions.

This trend was given a tremendous impetus during the war, when there was an overnight demand for millions of workers with particular industrial skills. New training techniques turned out job specialists by the thousands, and the highly skilled man of yesterday found himself working side by side with freshly trained shoe clerks and housewives—at nearly the same rate of pay.

This condition was greatly aggravated by the serious manpower shortage which put an artificial premium on any kind of help. An employee could do almost anything without fear of discharge, and all too many have carried this unfortunate attitude into their postwar jobs.

A large section of labor has recently received sizable increases in wages, with little or no attendant guarantee of improved labor efficiency. Undoubtedly these increases will soon become general throughout industry. Unless wage increases are balanced by a corresponding increase in worker output, the American standard of living will decline under the pressure of the higher prices that will be necessary.

U. S. Department of Labor statistics on output per man-hour in manufacturing industries have shown that output per man-hour increased fairly steadily at a rate averaging about 3 per cent annually, during the prewar years. The upward trend was due to the introduction of new production techniques,

improved equipment, extended mechanization, better methods of work organization, together with the desire on the part of labor to make the most of the machines and facilities on hand. The consistent rise in output per man-hour has been the key to the equally consistent rise in the American standard of living; it has been a natural process and has faithfully followed the natural laws of free enterprise economics.

During the war much of the normal civilian production was supplanted by war production, with an attendant use of subsidies, artificial production stimulants, and other panaceas that totally upset the normal laws of economics. As a result, the previously rising rate of output per man-hour in civilian goods industries dipped far below the projected rate of future labor productivity.

This is where the country finds itself industrially today—with an overall output per man-hour even below

that of the immediate prewar years. In order to get back on our interrupted path of ever-rising labor productivity and standard of living, we shall have to increase our annual output per man-hour not 3 per cent—as we have been doing in the past 30 years—but 7 or even 8 per cent. This will, of course, demand improved machines, wider mechanization, and broad adoption of improved production techniques.

However, these technical improvements will be of little avail unless labor cooperates; labor inefficiency can quickly counteract all the good that more efficient methods make possible. There must be complete elimination of slowdowns, featherbedding practices, labor disputes, and other practices that tend to curb production. Otherwise, the American standard of living will be placed in jeopardy rather than permitted to rise progressively as it has in the past.

By CARL C. HARRINGTON. *Mill & Factory*, May, 1946, p. 87:6.

Perfect Shipping Pays Dividends

IT is an economic waste to spend time and money to design, manufacture, and package a product if, through lack of attention to proper packing, the article is later damaged or rendered completely useless or unsalable when its destination is reached. It is the purpose of this article to consider certain packing methods and techniques that have reduced costly shipping losses.

Safe delivery depends, of course, on the selection of a box that will furnish protection against normal hazards. But what goes on *inside* that box is equally important. Half the claims paid by carriers cover damages to packaged goods.

It's obvious that every precaution must be taken to safeguard the goods by use of proper inner packing materials, such as liners, partitions, wrappers, or cushioning, so that articles will not be damaged through contact with each other or by external shock.

Packages by the million come open in transit because of improper closure. If the box is taped, the tape will stick if the packer follows the manufacturer's instructions. If the flaps are glued, the adhesive should be spread evenly over the entire area of contact and the box squared up. Where stitching is used, best performance is assured by uniform spacing of stitches—about $2\frac{1}{2}$

inches apart. Do not "cluster" stitches. In crating use the lock corner, adequate diagonal bracing, and the right size and number of c.c. nails. Clinch-nailing is effective.

Select the appropriate style of wood box and drive in the right number and size of c.c. nails called for by standard nailing schedule. A wood box costs less, can be lighter, and will furnish greater protection if it is metal-strapped. Wood boxes of a weight density of more than 100 pounds per cubic foot generally should be strapped. Manufacturers' instructions should be followed in the case of other types of containers.

Undoubtedly a great deal of damage results from failure of the shipper to load in accordance with established good practice. Loose loading and insecure or improperly designed bracing would be corrected at once by every shipper if it were more generally recognized that they are so often the causes of damage. Pamphlets describing and illustrating the best and most economical methods of loading—methods that have been developed, tested, and proved by shippers themselves through years of experience—have been prepared by most carriers and usually can be obtained on request.

Obviously, it is a waste of money to prepare containers so that they will have counter and shelf appeal if the container becomes crushed, torn, or cracked in shipment and damage claims are costly—not only in terms of dollars but in time lost. Customer good will is easily destroyed if goods are damaged or broken in transit. Replacements cost money, but replacement of ill will by good will costs still more. Proper protection, therefore, is not merely economical; it is essential.

The following is a brief summary of some of the typical damages to ship-

ping containers resulting from the use of improper packing methods:

Common failures of nailed wood or plywood crates which often permit damage to contents are wracking, cross-breaking of sheathing or puncturing of plywood, pulled nails, skid failure, frame member failure, damage to waterproofing materials, and sheared nails or nail heads. The plywood box type of container might be damaged by pulled nails, puncture or buckling of plywood, or splitting and cross-breaking of cleats.

Damages most common to nailed wood boxes are nail-pulling, shearing of board from nails, splitting and cross-breaking of boards, broken cleats, wracking, and knocking out of box-ends.

Common types of damage to fiberboard shipping boxes, made from either corrugated or solid fiberboard, are the pulling out of staples in body joint of box or sleeve, opening of top or bottom flaps, puncturing of face of box, crushing of box corners, tearing of edges, or softening of fiberboard as a result of moisture absorption.

Textile bags and multiwall paper shipping sacks, used for the transportation of solid materials in bulk, are usually damaged by puncture of the wall or opening of the seam or closure.

Bales, used in shipping in cases where the contents can be bundled and covered, may be damaged by puncturing or tearing the cover, by opening the closure, or by tearing off the straps. If adequate waterproofing is not applied to the bales, their contents may be damaged by water.

While export shipping differs sharply from domestic shipping, the procedures for preparing satisfactory export packages are not greatly different from those used in developing satisfactory containers and packing for

domestic service. In general, the following points enumerated by the Department of Commerce should be given consideration when a decision is being made regarding the most serviceable export shipping container:

1. The nature and value of the article.
2. The unloading facilities at the port of discharge.
3. The inland transportation system in the country of destination.
4. The climatic conditions en route and in the country of destination.
5. Amount and nature of trans-shipping that may be required en route to the final port of discharge.

6. The probable pilferage—which may depend on the nature of goods or conditions within the country of destination.
7. The consular rules and regulations and customs duties of the country of destination. (In many countries duties are based on the gross weight of the shipment—the use of any packing or packaging materials that are not absolutely necessary is, therefore, wasteful.)
8. Other special conditions determined only through specific knowledge of conditions in the particular country of destination.

Shipping Management, April, 1946, p. 19:4.

Majority Oppose Featherbedding Practices

RECENT legislation aimed at curbing James Caesar Petrillo, head of the musicians' union, brings up the fundamental issue of featherbedding, according to George Gallup, director, American Institute of Public Opinion. The American public opposes the idea of make-work or featherbedding, when it is explained to them. So do a majority of union members included in the survey.

Throughout the entire country, sentiment opposing the practice, while in large majority, is not quite so high today as it was in the spring of 1945 when featherbedding became a subject of acute concern because of wartime manpower shortages.

In order to measure sentiment on the principle, more than 200 reporters for the institute asked:

"To make more jobs, some unions require employers to hire more persons than are actually needed to do the work. Would you favor or oppose having a law passed which would stop this practice?"

Passage of a law does not, of course, provide the only possible solution, but today's question serves to measure the extent of opposition to the principle of featherbedding.

The replies:

Favor passage of law	60%
Oppose	23%
No opinion	17%

Opposition to the idea of featherbedding is found among majorities in every principal section of the country and among major population groups—including the members of unions. Among union members, however, the vote is lower than throughout the country as a whole.

—*The Iron Age* 3/28/46

Wage Structure of Machine-Tool Industry

PLANT workers in the machine-tool industry had average straight-time hourly earnings of \$1.05 in January, 1945. Only about one out of 30 workers earned less than 65 cents per hour; a fifth earned \$1.25 or more. Men average \$1.07 and women only 82 cents an hour. By regions, average hourly earnings varied from 92 cents in the Middle West to \$1.08 in the Pacific region. Incentive workers averaged one-sixth more per hour than time workers in occupations where both methods of pay were widely used. Difference between union and non-union wages varied considerably among the several regions.

—*Monthly Labor Review* 6/46

Precision Instruments for Blind Engineers

MOST people would at one time have considered it impossible for a blind man to succeed in the engineering field; but with the wartime shortage of manpower many blind men and women worked most successfully in industrial and other spheres, and recent developments in precision tool design now make it possible for sightless workers to become expert engineers.

All engineers are familiar with the fact that, in examining or testing a component, they often find themselves using the sense of touch in preference to sight. The finger, even of a sighted person, will detect an irregularity in a surface where he cannot see it; and the "feel" of a micrometer is familiar to every engineer, the eye being used only to read off the figures on the scales when the adjustment has been made.

As the sightless cannot see to read adjustable instruments carrying scales, the more or less general rule has been for them to use fixed gauges, for example, snap, ring, or plug gauges. One move to overcome this limitation was the introduction of a comparator type of instrument. In place of the usual pointer moving over a dial, or of colored electrical signalling lamps, an audible signaling device was incorporated in this instrument. Three different notes of a bell or buzzer sounded high, medium, or low, according to whether a component under test was above the high limit, within the limits, or below the low limit.

There remained, however, obvious difficulties in the way of the use by the blind of micrometers and vernier height gauges and slide gauges. This was unfortunate, in view of the general applicability of these instruments, because jobs frequently demand the use of instruments having greater scope than do the fixed gauges mentioned above. Moreover, it is often necessary for the inspector to be in a position to say not merely that a part is over or under the required size, but to give an exact statement of the deviation.

Two recently introduced types of measuring instruments for the blind are, therefore, of considerable interest, since they open up to the blind worker the field of work in which a micrometer or vernier height gauge or slide gauge would be used. The first of these is a micrometer having the scales and Braille numbers in relief. The other is a height gauge or slide gauge incorporating an ingenious head which allows the instruments to be set and read to .001-inch by touch.

Inquiries from managements and others who would like further particulars of the devices should be addressed to the Director of Public Relations, Ministry of Labour and National Service, St. Jame's Square, London, S.W.1, England.

—*Production and Engineering Bulletin* (British Ministry of Labour and National Service) 1/46

"Supervisors' Call Sheet"

AT the Pollak Manufacturing Company, Arlington, N. J., maintenance supervisors have developed a "Supervisors' Call Sheet." Purpose is to control jobs under \$10 which do not come in the class of major maintenance expenditures.

"Supervisors' Call Sheets" are furnished to assistant foremen and their group leaders for all work requiring no written project requisitions, which, in this company, means work that can be handled by a member of the building staff.

Entries are made on this call sheet whenever telephone calls or requests are made from the production floor for small jobs. The supervisor receiving the call enters the name of the worker assigned to the job and, subsequently, the time when the job is completed.

If a call shows a need for a project requisition, it is noted in the "Remarks" column.

The "Supervisors' Call Sheet" prevents duplication, because a supervisor or group leader, with such a record in front of him, will not be likely to send out two men to do the same job.

Completed sheets are routed to the central maintenance office, where they are analyzed to see what types of work are called for. Finally, sheets are filed for reference.

—*Management Information* 6/10/46

Marketing Management

Scientific Matching of Salesman and Job

SUCCESSFULLY matching the salesman and the job is serious business at the Minneapolis-Honeywell Regulator Co., Minneapolis, which has a scientific selection program that is producing excellent results. Tailor-made, it is a combination of sympathetic consideration of human qualities, coldly scientific preemployment tests, and a company-devised "zone" method of measurement and selection.

Applicable in principle to salesmen in other companies, the program specifically benefits the company as well as present and prospective salesmen by:

1. Avoiding many of the costly mistakes made when only the interview method was used.
2. Saving time and money through elimination of possible transient workers.
3. Identifying salesmen most likely to profit from additional technical training.
4. Identifying applicants with disabling emotional difficulties.
5. Improving the productive value of the sales force.
6. Establishing better employee-employer relations because men are placed in jobs for which they are qualified.

In addition, it enables the company to ascertain, in a modest way, whether or not a prospective salesman has the "spark" that makes him a real salesman.

A prospective salesman must follow a set procedure when applying for a position. This includes: submitting a standardized application blank; having

a personal interview with the sales manager of the office where application is made, in which the applicant is rated by that executive; taking a group of preemployment tests at the office of application if the completed application blank and the personal interview indicate that the man seems to meet the job requirements.

The tests are then forwarded to the home office, along with the completed application blank and the interviewer's rating. A written report, covering analysis of the application blank, interviewer's rating, credit investigation, and test scores, is then prepared and sent to the branch office where a final decision is made.

The application seeks information regarding the customary personal and physical data, marital status, educational background and experience, social development and activities, employment record, residences, and military and selective service information. In addition, there is a special section for sales applicants which covers willingness to move, territory preferences, territory experience, and classes of trade sold. Before long, the company hopes to assign scoring weights to each of these items as a means of determining objectively the extent to which the data on the application blank indicate that the applicant meets job qualifications. At present, it is comparing the data on application blanks of the successful and unsuccessful employees as a preliminary step in establishing the weights.

The sales executive who conducts the personal interview is furnished

with detailed suggestions concerning questions to ask the applicant, and he is encouraged to handle the interview in a manner that will reflect the company's desire to treat everyone as a distinct individual. He is asked to disregard his own preconceived prejudices and to consider statements made by the applicant as clues and impressions to be investigated further, rather than accepted as facts. In addition to a rating form to be used for the applicant, he is given a check list to use on himself to determine whether or not he thinks he conducted the interview properly.

The interviewer's rating form is used to score the following *plus, minus or questionable*:

Work History:

1. Would his former jobs aid him in learning ours?
2. Do his reasons for leaving each job reflect sound attitudes?
3. Has he had mechanical or electrical experience of definite value in our business?
4. Have there been wide shifts in type of work done?
5. Has the work been such as to require the development of persistent and sound habits?

Educational History:

1. Can he thoroughly analyze simple electrical circuits and read diagrams?
2. Did he finish educational courses he started?
3. Does applicant show evidence of having kept up with recent development in his field?
4. Does he have, in general, a good technical background?

Domestic and Economic:

1. Is there evidence showing that he can stand on his own feet or is he still dependent on others?
2. Does he appear to be one who saves to meet his obligations?
3. Does he have a reason for working hard?
4. Are his salary needs in line with the company's going rate?

Attitudes and Impressions:

1. Does he have sound work habits and attitudes about making a living?
2. Does he appear to have a working and satisfactory philosophy of life that gives him purpose?

3. Does he seem to be realistic and tough-minded and one who would wear well with other men?

General Impression:

- Would recommend highly.
- Recommend.
- Doubtful.
- Would not recommend.
- Consider unemployable for this job.

If the total number of minus and questionable items exceeds the total number of plus items, this is a tentative indication that the applicant is of doubtful caliber.

The company tests only those salesmen who appear to have the required qualifications. The tests serve as an additional check on the interview and application blank, and they also determine the extent to which the applicant compares with salesmen in the company, whose degree of success is already established.

Tests are given to:

1. Measure verbal academic ability.
2. Determine capacity for handling technical training in engineering subjects.
3. Measure aptitude for handling detail in terms of speed and accuracy.
4. Measure non-verbal perception of size and shape relationships.
5. Measure knowledge of words in various life situations.
6. Compare with interests of successfully employed persons in specific occupations.
7. Measure areas of interest and motivating factors in personality.
8. Measure attitudes and feelings in social situations.
9. Measure adjustment in terms of home, health, social, and occupational satisfactions.
10. Determine essential emotional characteristics of personality.

It is interesting to know that all these are standardized tests, available to individuals technically qualified to interpret them. The scores are con-

sidered in relationship to "zones" established through statistical analysis of scores made by men who are successful enough to remain on the payroll. Thus it can be seen that the tests show the degree of an individual's proficiency in relation to a known standard, and whether the individual is suitable for a certain position is determined by the zone his scores fall into. The industrial salesman usually scores higher on the technical tests than one who does less technical selling.

In the opinion of the company, this scientific method of selection is fair to

the salesman. It significantly improves the likelihood that he isn't going to be put on a job where he will fail, and that the employer is acquiring the services of a competent, productive employee. Some might question the procedure, with its many tests, as being uneconomical and time-consuming. The company's answer is that the scientific selection program has appreciably reduced turnover and is proving a practical short-cut in the recruitment of competent salesmen.

By HAROLD E. GREEN. *Printers' Ink*, November 16, 1945, p. 17:4.

Computing Salaries of Veteran Sales Trainees

HOW should the earnings of ex-servicemen taking on-the-job training for sales positions be computed? To eliminate some of the confusion which generally surrounds this question, *Sales Management* contacted concerns in widely differing fields for information regarding their payment methods.

First, the question arises, what does the employer pay? How does he set the starting rate for trainees, raise the trainees' income during training, handle quotas, commissions, and bonuses, and determine the salary or rate of income he pays a journeyman (trained salesman)?

Then, how does the employer report his payments to trainees to the Veterans Administration, and how does the VA compute the amount of subsistence payment to single and married men (or with dependents) under Public Law 346, for able-bodied, and Public Law 16, for disabled, veterans?

At the outset, it should be borne in mind that this on-the-job training is not a device for employers to obtain

"cheap labor," nor is it a method of paying ex-servicemen more than they are worth, or "gravy money" as it is mistakenly called.

These subsistence payments from the VA simply are ways for the people through their government to help ex-servicemen catch up on training that they normally would have had if they had been able to stay at home since 1940. In other words, if they had not been away from their regular jobs in the service of their country, they would have started at trainees' earnings and by now have established themselves in regular jobs paying appropriate salaries. It would be grossly unfair for a veteran, age 26, to start now at a trainee's salary that would have been appropriate at age 23. Yet, to a business, the veteran is worth only a trainee's salary now. So it is presumed that employers will pay a normal trainee's salary and the government tries to approximate a trained man's income with these subsistence payments while the veteran is undergoing training.

Long before there was a Veterans Administration on-the-job training program, Eastern Air Lines, Inc., New York City, had an extensive program of its own for training agents (salesmen) and employees for many other types of jobs. This detailed training program is for both ex-servicemen and non-servicemen alike. It's the same training, length of course, starting salary, and the same objective salary now as before passage of the G.I. Bill of Rights. The subsistence paid by the Veterans Administration to veterans who are undergoing this training is considered a matter solely between the government and the veteran. The only change Eastern has made in its plan is to get it certified by the approving authorities in 22 states so that veterans could draw federal subsistence allowance while in training.

At the end of Eastern's 18-month training program, each agent, veteran or non-veteran, is paid a straight salary of \$235 per month. This is Eastern's minimum salary for a trained salesman. This is the salary that Eastern reported to the Veterans Administration as the objective salary.

Through the first 12 months, Eastern pays each agent in training a straight salary of \$150 per month. If the trainee is a non-veteran his salary is \$150 per month. If the trainee is an ex-serviceman his salary, too, is \$150. But each month Eastern reports to the regional office of the Veterans Administration that it has paid its agent \$150. If the veteran is single, the VA will send him a check for \$65, the maximum subsistence allowed to a single veteran. If he is married, the VA will send the veteran a subsistence check for \$85. Why only \$85, and not \$90, the maximum allowed for a married veteran? The objective salary for a trained salesman is \$235 per month. Eastern's trainee's salary is \$150. The

Veterans Administration's \$85 brings the total to \$235. If the VA were to pay the full \$90 the veteran's income would be \$240, or \$5 more than the salary set for a trained salesman, veteran or non-veteran.

From the 13th to 18th months of training Eastern pays all trainee-agents a straight salary of \$160 per month. This means the single veteran continues to get the full \$65 from the Veterans Administration since his total income from both sources is \$225 per month, or still \$10 under the salary of a trained salesman. But Eastern's \$10 boost means that the married man will get \$10 less from the Veterans Administration. His income will be \$160 from Eastern, \$75 from the government, or a total of \$235—the full salary for a trained man.

Eastern's program is certified in the State of New York and in the 21 other states in which Eastern operates. It operates under Public Law 346, which is concerned mainly with the training of able-bodied veterans. The law provides that each state has the authority to approve training programs and to set standards for payment and training.

Up to the present, New York State will not approve of any training plan calling for payment of salesmen (or others) on straight commission, drawing account, or bonus. Each employer must set in advance a definite minimum amount which he will pay to the salesman every pay period throughout the training. Above this fixed, minimum amount, the employer is free to work out any method of compensation he chooses. Since each state sets the rules for payment, these rules differ from state to state. In Virginia, for example, an employer can pay straight commission, with no guaranteed minimum.

BY JOHN H. CALDWELL. *Sales Management*, April 15, 1946, p. 148:4.

Who Should Pay Salesmen's Valet Expenses?

THE question of whether a company should pay laundry and tailor expenses for its salesmen who are on the road has long been a controversial one. On the one hand, some argue that a salesman must have his clothing laundered and pressed just as often while at home as on the road—and, therefore, such items cannot be legitimately charged against the company. The opposite view holds that a man on the road needs more pressing and cleaning service because he carries only a couple of suits, which become mussed in packing and unpacking. Further, it is argued that pressing and laundering costs at home are considerably lower than those charged by hotels—particularly where eight- or 12-hour service is required.

To determine the current view on this question, *Printers' Ink* recently queried sales managers of 18 companies whose products are nationally distributed. Their replies reflect the divided opinion that exists on this problem. Eight companies permit laundry and valet charges; seven others refuse to pay such items. The remaining three companies operate their sales force on a straight commission and drawing account basis with all living expenses borne by the salesmen.

Judging by the closely divided opinion on this question, it still seems a matter for the individual company to decide. However, no such divergence of views resulted on the question of flat expense allowances versus the itemized account. Only one company, a New York household supply manufacturer, works its sales staff on a flat allowance. Expense rates are figured on a sliding scale with district sales managers getting \$7 per day, jobbing salesmen \$6 per day, and retail salesmen from \$5 to \$5.50 per day. The majority of companies felt, however, that itemized expense reports are preferable because they provide some check on travel expenses and encourage salesmen to assume a responsible attitude regarding outlays for which they expect to be reimbursed.

—*Printers' Ink* 3/29/46

Frozen Food Race

THE 16-year-old frozen foods industry is about to pass from adolescence into giant manhood. With a total volume of \$250 million last year, the vital young business is expected to hit a \$2.5 billion stride by 1950, and be stepping along at a \$10 billion pace by 1965.

Spurred by public demand and aggressive merchandising, which includes a setup for home delivery of frozen food by the country's largest department store chain, many companies not heretofore in the business now prepare to stake a claim in the frozen food field.

Big canners and meat packers view it as a natural adjunct of their business. In addition, owners of frozen food locker plants all over the country are scrambling over each other to get into the freezing-for-retail-sale end of the business.

How keen the competition will be from here on is indicated by the growth of the industry in the past few years. In 1941 there were about 400 food freezing firms. By the end of last year the number had grown to around 700. The total is even larger now.

Under present plans, one department store chain intends to rent to customers who take its home delivery service a kitchen storage cabinet, capable of holding up to 120 pounds of frozen foods, or about a two-weeks supply for the average family. The rental fee hasn't been fixed yet, but it's expected to be around \$3 a month.

In large apartment houses, this company will install banks of lockers, which, it is believed, will be rented for about \$2 a month.

To make a home delivery service profitable, it is estimated that a store must have 700 cabinet customers, of which a minimum of 400 must spend at least \$5 each week. To service 700 cabinet customers would require an investment of around \$20,000 for trucks, cabinets, storage facilities, and other equipment.

—*The Wall Street Journal* 4/1/46

Financial Management

The Case for Accelerated Depreciation

THE Federal Government's policy governing depreciation of machine tools and other production equipment is in need of an overhauling, for unquestionably a more realistic program would better suit the long-term interests of the national economy. The rigid straight-line method in vogue since 1934 should be abandoned and in its place should be installed a policy of writing off machines at an accelerated rate. This rate should give recognition to the fact that machines are more productive and more profitable to operate in the early years of their life than in the later years. It should give greater consideration to the factor of obsolescence, as contrasted with the theoretical average "useful service life" which now so strongly influences the Treasury in determining rates.

It is common knowledge that the useful life of one machine may differ widely from that of another. A machine may be rendered obsolete overnight by some new development; the worth of that machine, under such circumstances, suffers a prompt and drastic shrinkage. The length of time during which it can be physically operated is no criterion of its value—yet investigation reveals that the average write-off permitted in some segments of the metalworking industries is spread over 16 years. And the period suggested by the Treasury Department as a guide for its revenue agents is 20.74 years for machine tools.

Just what is depreciation? Webster defines it as "a decline in value of an asset due to such causes as wear and tear, action of the elements, obsoles-

cence, and inadequacy." The Machinery and Allied Products Institute believes that "depreciation is the shrinkage in the useful earning value of an asset, due to obsolescence and to wear and tear, chargeable as a cost of operation upon such basis as may be established." One point is clear: Depreciation is just as much a part of the cost of operation as rent, power, taxes, labor, and materials. It cannot be forecast, however, so accurately as these other factors.

Prior to 1934 the Treasury allowed manufacturers to decide what their own rates should be, based on their business requirements. If these rates appeared excessive, the Treasury had to prove them unreasonable. As a result of this policy, depreciation rates, though applied on a straight-line basis, averaged around 10 per cent per year, and sometimes were even higher. In 1934, however, a proposal was made in Congress that current depreciation rates be sharply reduced. The intention was to secure for the government more revenue at a time when tax yields were small and government expenditures were growing. The result was that the Treasury issued T. D. 4422 and later Mimeograph 4170. These two orders required the taxpayer to estimate the remaining useful lives of his assets and to set up depreciation rates which would amortize the undepreciated balance over such remaining lives. Upon the taxpayer was placed the burden of proof that the rates claimed were proper, a complete reversal of previous practice.

Later on the Treasury sent to its field agents a general guide containing experience tables of depreciation rates, classified by specified machines and groups of equipment. In Bulletin F, revised in 1942, the foreword states that the rates therein, pertaining to deductions for depreciation and obsolescence, are "the best available indication of (Internal Revenue) Bureau practice." At the same time the Treasury agent and the manufacturer are warned that the "estimated useful lives and rates of depreciation indicated in the bulletin are based on averages and are not prescribed for use in any particular case." They are to be looked upon solely as a starting point from which correct rates may be determined.

These experience tables, despite the warning to Treasury agents, have had the effect of forcing down the allowable rates. It is true that a company can get its equipment written off in a relatively short time if it can offer full proof that the useful service life is brief. It may even have it written off to current operating expenses. Certain cases in the automotive industry fall within that category, the life of special machinery lasting only through a single model's production run. But these are the exceptions rather than the rule; the general policy of the Treasury is in the direction of low rates.

Examination of the average useful life of metalworking equipment in Bulletin F reveals neither rhyme nor reason in the years assigned to certain types of equipment over which depreciation should be allowed. Consider portable electric and pneumatic drills, for instance. They are considered for tax purposes to have a useful life of 15 years. Depreciation of less than 7 per cent per year is permitted. Jigs are assigned 10 years, or 10 per cent per year, and dies six years, or little more

than 16 per cent per year. Automatic, bench, roll, and turret lathes are expected to be written off in 25 years, and an automatic milling machine in 18 years! And accelerated depreciation is not permitted. That is, a straight-line method is insisted upon. Accelerated rates in the first few years of a machine's use and lower rates thereafter are not recognized.

The point is that in recent years the government, rather than the manufacturer, has been the prime factor in determining rates. Expert business opinion has been relegated to the background, if not disregarded altogether. Business men know that machines do not lose value evenly over the years, depreciating at a fixed rate. But the Treasury persists in maintaining that fiction. And Treasury agents in numerous cases haggle with manufacturers over allowable rates. The matter becomes a "horse-trading" proposition.

Accelerated depreciation is defined by Professor Paul T. Norton of Virginia Polytechnic Institute as "the process of writing off the investment in an asset more rapidly in the early years of its life than would be the case if straight-line depreciation were used with the rate based on the full expected life." Continues Professor Norton, "This more rapid writing off might be accomplished in several quite different ways, including such methods as an immediate writing off in the first year of an arbitrary percentage, such as one-third or one-fifth, and straight-line depreciation on the remaining amount, or by a constantly diminishing amount, such as is accomplished by the so-called fixed-percentage-on-diminished-balance method."

Accelerated depreciation also can be applied in another way. It can consist of writing off a machine by the straight-

line method by shortening the "useful life." At the beginning of our national defense program it was so applied. Certificates of necessity were issued to manufacturers who spent their own money in enlarging plants and equipment to make defense items. These certificates enabled them to write off the entire cost of the equipment in five years. If the emergency ended in less than five years, thus shortening the useful life of the machines, the write-off would be for the shorter period.

The psychological effect of accelerated depreciation, contrasted with long-term depreciation, is tremendous in stimulating plant modernization. Under the system now prevailing, the company which is writing off its machines in 20 years is slow to buy new cost-saving machines. Though its production officials may be crying for a new battery of machines, the financial officers look at the matter with a jaundiced eye. They see the high book value of the equipment which is to be replaced and are hard to convince that the extra expense of purchasing new machines is justified. They are influenced by the low depreciation rates allowed by the government in writing off the old machines.

The man who makes an investment likes to see how and when he is going to get his money back. He wants to recapture it within the visible future, not a generation hence. Accelerated depreciation rates encourage him to spend for new equipment, because he can visualize the recovery of his investment within the specified time.

Ultimately the government would

gain the most revenue and would help keep the national economy healthy and sound by adopting a depreciation policy which makes it easy for the manufacturer to maintain his plant in up-to-the-minute condition. To quote Frederick S. Blackall, Jr., President of the New England Council, "If we can create a favorable climate in which constant modernization of industry will flourish, a favorable state of mind in which the potential buyer will switch from his investment in one machine to an investment in a newer and better machine every time a newer and better one comes along, it will increase our national efficiency to an enormous extent, will dampen the destructive swings of the business cycle, and will increase national income, which will increase the Federal Government's potential revenue from taxes." The principal features of a sensible depreciation program can be summarized briefly as follows:

1. The Treasury Department should be permitted to allow manufacturers to take higher write-offs on machine tools and other production equipment in the earlier and more useful years of service than in the later and less productive years.
2. Management should be given considerable leeway, within the scope of sound accounting, in deciding what the depreciation rate for its own equipment should be.
3. Federal tax authorities should give more consideration to obsolescence and less to theoretical "useful service life" in determining depreciation rates.
4. Manufacturers should use depreciation reserves only for replacement of old equipment with new, and not for any other purpose.

American Machinist, April 25, 1946, p. 111:8.

• **HOW LONG WILL THE BOOM LAST?** Standard and Poor's economists come up with the answer: "Approximately three years." They itemize the duration of the boom by industries as follows: automobiles, four years; building, ten years; electrical equipment, one to two years; farm equipment, three years; office equipment, three years; textiles and apparel, 1½ years; tires, two years.

—*Dartnell News Letter* 4/6/46

Escalator Clauses in Purchase Contracts

GETTING firm prices is as vitally important to a buyer today as it is for the seller to protect himself against possible loss occasioned by unforeseen increases in basic costs. But in the rush to get supplies, some purchasing men have agreed to contracts which have served their immediate need but are inimical to their fundamental interest. They have entered into such agreements under the false impression that they are acting fairly to their sources of supply by consenting to protect them against possible increased costs. It is the purchasing agent's responsibility to resist this type of agreement which utilizes the escalator clause.

What is escalation? It is a generic term for contractual devices whereby contract prices are increased or decreased in the event of certain contingencies, according to a predetermined base and predetermined method set forth in the contract. Among bases for escalation are changes in actual cost of material, changes in cost of labor, changes in published and provable price lists, and changes in government-fixed ceiling prices. Scales of escalation are often based upon accounting analysis, upon automatically operating formulae, or are worked out through negotiation.

At present the escalator clause is used chiefly for long-term contracts. There are many varieties, however, and some of them are very undesirable from the buyer's viewpoint. No consideration should be given to one which, in effect, says, "The prices contained herein are subject to increase without notice." Under it, the contractor may arbitrarily increase an individual price, regardless of whether prices to his customers generally are increased. Therefore, the buyer should

examine all the conditions of an escalator contract in the light of the market situation and his needs. He should know what the relative proportions of labor and material are to total selling price, and the methods which are to be used to absorb possible increases.

Fundamentally, there are three types of escalator clauses used in business. One is tied to the OPA price ceiling, another to indexes of the Labor or Commerce Departments, and the third to the actual labor and material costs of the individual supplier.

The question, then, which confronts the buyer is, "Which is most economical?" Insofar as a contract price tied to the OPA price ceiling without qualification is concerned, it is favorable to the seller and provides him with maximum protection. The reason is obvious. OPA ceilings are developed with the view to provide an opportunity for marginal manufacturers in any given field to make a profit. Thus, the efficient operator, if he adheres to the ceiling price, is going to make a substantially greater profit. Competition is not sufficiently strong at present to compel him to retreat from the ceiling price and, therefore, the price ceiling becomes an artificial resistance point below which the efficient operator usually will not go and below which the marginal operator cannot go.

On the other hand, the escalator contract, which is tied to government department indexes, reflects, to a certain degree, fluctuations in the basic cost of material and labor. But the buyer must be wary of the phraseology of such a contract. If the contract states that the total price will be adjusted by the percentage rise of labor cost as shown by the particular index agreed to, he is placed in a disadvantageous

position, for under it the seller gets an unwarranted bonus. Thus the contract should be reworded to provide an increase in total price only by the percentage increase of the component. This form of contract is disadvantageous, nevertheless, because the seller is often tempted to overestimate the proportions that labor and materials bear to total price.

Therefore, it is incumbent upon the buyer to take more than ordinary precautions before accepting, as fact, information given him in this regard. As a guide in arriving at a fair approximation of the relative cost proportions, the buyer might consult available sources such as trade and government publications, which contain percentage breakdowns of the component costs of many products. These can be used as a basis for comparing the figures provided by the supplier.

In using the indexes of a government department for a long-term contract, the buyer should attempt to learn how much raw material the contractor has in inventory, how much is in the process of being worked, and the quantity which may be bought by him under a fixed-price contract. Obviously, the escalator clause should not be applied to raw materials in the seller's possession, for otherwise he would be getting cost protection for increases which, at the moment, had not affected him. It is up to the purchaser to design an escalator provision which would exclude from the basic amount to be adjusted that part of the commodity not affected by future market prices.

The escalator clause which provides adjustment only when the seller's actual costs for material and labor increase or decrease might be given consideration. In designing such a provision it must be kept in mind that incentive must be given to the seller

so that he is continually improving manufacturing efficiency to reduce costs. Therefore, protection should be offered him only on factors which are beyond his control; and even then, provision might be made to limit the amount of adjustment. Some buyers are using a combination based on government department indexes and contractor's costs for future adjustment. The escalator clause is designed so that only the smaller increase indicated by the two methods is absorbed by the buyer.

The main objection to the last two mentioned forms of escalator clause is the administrative work involved in keeping accurate cost records on the part of the supplier and in verifying them on the part of the buyer.

If an escalator clause must be used, the fairest is one that provides a change in price according to the increase or decrease in the contractor's actual labor and material cost in fulfilling the contract. It should include a provision that the unit price conform to governmental regulations; that supplies contracted for shall be delivered at the agreed price even though the OPA maximum price is discontinued or suspended; that increases or decreases are restricted so as not to exceed a certain percentage of the unit price; and that no price increase will go into effect until proper proof has been submitted showing clearly how much labor or material costs have increased or decreased. To prevent after-the-fact disagreement, a statement by the seller should be included in the original contract showing a breakdown of his estimate of labor, material, and overhead. It is also wise to include a statement that the buyer has the option to cancel the contract upon notice of an increase. Obviously, however, the practical objection to this

form of escalator clause is the administrative work involved.

To adequately cope with escalation quotations, buyers must know values and should develop a knowledge of price analysis techniques. They must, of course, exhaust all competitive sources. Second, they should obtain the cooperation of those who determine requirements so that every effort can be made to avoid unwarranted extended deliveries. And third, if escalation is unavoidable, buyers must make sure that the clause gives them utmost consideration; that it provides increased prices only for actual increased costs and does not include increases

for general overhead; that an option for cancellation is included depending upon the urgency of the need; that only proportionate increases are permitted when escalation is tied to a price ceiling; and that provision is also made for price decreases in long-term contracts.

Above all, buyers should never lose sight of one fundamental consideration—that fighting escalation is resisting inflation.

From an address by Clifton E. Mack before the National Association of Purchasing Agents Convention, May 27, 1946.

A Point System for Profit Sharing

ELECTRONIC Engineering Company, Chicago, one of the smallest manufacturing companies in the country to embark on an employees' profit-sharing program, operates its plan on what is termed the "square root point formula."

The officers of the company believe the formula fair because it gives recognition to the length of service of the employee as well as to his earnings—since it is felt that the combination of both factors represents the worker's value to the company.

The employee's length of service and his earnings for the year are figured, and a "square root formula" is used to reduce these two items to his share of the profits in point value. Every employee, excepting one who has less than six months of service by December 15th of the year for which distribution of profits is to be made, or one who has earned less than \$500 by the same time, is eligible to participate.

In operating the profit sharing plan, the management computes the net profits for the fiscal year, and an amount equal to 25 per cent is set aside for distribution among the employees. Then the employee's service points are multiplied by his salary points and, via use of a square root, his point share of the profits is determined.

An important feature of this plan is the fact that the Electronic Engineering Company operates on a piecework wage scale, thereby giving each worker every opportunity to increase his regular earnings as well as his share of the profits at the end of each year.

—*Industrial Relations* 3/46

Recent Trends in the Business Population

AT the beginning of 1946, there were 400,000 more business firms in the United States than at the end of 1943. This rapid recovery of the greater part of the wartime loss of 560,000 firms results from the opening of 695,000 new businesses, offset by only 295,000 discontinuances.

The high rate of business turnover will undoubtedly continue. During the past two years, roughly 15 out of every 100 concerns either closed or were transferred to new owners. Indeed, it seems probable that the rapid expansion of the business population will ultimately be checked more by a rise in the rate of discontinuance than by a fall in the number of entrants. Good business opportunities still remain, however, at our present high level of industrial activity.

—DONALD W. PADEN and ALICE NIELSEN in *Survey of Current Business* 5/46

Insurance

Vesting Provisions in Pension Plans

MOST pension plans of 30 years or more ago had no vesting provisions, because they were generally not funded and sometimes did not even contain a definite benefit formula. In formal funded plans, such as have become more popular during the last two decades, specific amounts are accumulated from year to year for each participating employee. Therefore, a plan must provide for the disposition of these accumulations in the event an employee leaves before reaching the normal retirement age. Should he receive some benefit from these funds, or should they be used by the employer to defray costs of the plan for the remaining employees?

Generally speaking, under vesting provisions in modern pension plans, an employee who leaves his job before normal retirement age receives, not a lump sum, but a right to retirement income based on all or part of the credits accumulated for him. Payment of such income may be deferred until some later date, perhaps normal retirement age; or, it may commence immediately, in which case the amount would be smaller because of his greater life expectancy.

Like all other benefits in pension plans, a vesting provision involves some expense. If a company is very liberal and grants this benefit after a short period of service, such as 10 years or less, it may prove an inducement to participants to leave their jobs and seek employment elsewhere, using the early pension as supplemental income. If this one potential danger is avoided—by attaching a more substantial service requirement and perhaps an age limitation—the merits of a vesting provi-

sion become at once apparent. Foremost among its advantages are the following:

Turnover is reduced. If the plan contains a vesting provision which becomes effective when an employee reaches the age of 50 and has completed 20 years of service, he will hesitate to terminate his employment once he has served for half or more of the required years.

Vesting provisions have a good effect on younger employees, 25 to 30 years of age, who normally have little appreciation for a plan whose benefits cannot be enjoyed by them unless they remain in service until 65.

The company is given an opportunity to remove employees from the payroll before normal retirement if they are physically or mentally unable to perform their normal duties, without too much hardship to the employees involved and without embarrassment to the company.

Dissatisfied employees of middle age do not need to hold on to their jobs for the sole purpose of salvaging their pensions. This aids efficiency, because if they remain, such employees frequently pass their pessimism on to the younger men and women.

In some cases, years of *membership in the plan* are used as a requirement for vested rights. This provision results in injustice if an employee leaves after many years of service but with insufficient length of membership in the plan. After a retirement system has been in operation for some years, however, that situation is not likely to arise.

The Commimssioner of Internal Revenue does not require that a plan include severance benefits in order to qualify. However, a company adopting a plan must make certain that the vesting provision does not discriminate in favor of the higher salaried employees. If, for example, 20 years of service were to be the requirement for vesting,

and the entire supervisory group had already completed that term but only a few of the lower-salaried employees had done so, then the provision might be considered discriminatory.

Central Hanover Pension Bulletin,
(Central Hanover Bank and Trust Company), May, 1946, p. 1:3.

Veterans Dropping GI Life Insurance

THE Veterans Administration has furnished figures showing that on September 2, 1945 (V-J Day), GI insurance in force had reached \$124,950,000,000. By December 31, 1945, however, the total had dropped to \$96 billion and by the end of last month it had dwindled to \$61,950,000,000. While one veteran out of three currently being discharged is continuing all or part of his government insurance, there is fear of a continuance of the trend so that in another seven months but a small proportion of this gigantic total will be maintained.

What are the reasons for this tremendous lapse record? In discussing the situation and giving the figures above cited, Alexander E. Patterson, chairman of the joint committee of the Life Insurance Association of America and American Life Convention on National Service Life Insurance, recently told the Los Angeles Sales Congress that, in the first place, it was poorly "sold." Terrific pressure was put upon the service man to buy so that each outfit could report 100 per cent coverage. In most instances inadequate explanations of the value of life insurance and its uses were given by officers and men clearly ill-equipped to present the subject. Everything worked splendidly while the men and women were in service with insurance allotments being received each month. Then came V-E Day and a few months later V-J Day and then the rapid demobilization of the armed forces. Millions were discharged and Veterans Administration was snowed under by the tremendous volume of work. The VA couldn't keep up with the flow of work. Poor service undoubtedly had something to do with the NSLI debacle.

Three other reasons for lapsation are (1) face amount of policy at death must be paid in installments rather than in a single sum; (2) stringent restrictions were made regarding the beneficiaries entitled to the proceeds; (3) lack of conversion privilege to endowment insurance.

—*The Eastern Underwriter* 4/19/46

Scientific Research Cuts Insurance Losses

RESearch in accident prevention by casualty underwriters has made tremendous strides, stated Frank Lang, assistant director of the research division, Association of Casualty & Surety Executives, in a recent address before the New York Chapter of the American Marketing Association. "An industrial worker today," he declared, "has almost a three-to-one chance over the industrial worker of 1913 of never being exposed to an industrial hazard which will take his life."

Moreover, industrial health hazards have been sharply reduced as a result of continued research and health education. For example, mortality experience of groups of policyholders who availed themselves of periodic health examinations has been reduced by about 20 per cent.

He reviewed fire prevention activities, emphasizing the value of the index of fire losses. The index, using 1926 as its base year, shows the relationship between the amount of insurance written each year and the amount of loss caused by fire. In 1930 the index was 94. Continuous fire prevention effort reduced this figure to 49.7 by 1942.

—*The National Underwriter* 4/11/46

Sprinkler Hazards May Lead to Severe Losses

SPRINKLER leakage insurance is a highly valuable form of coverage where hazards of water damage exist—especially in sections of the country where cold weather can cause freezing of water in pipes. It is pointed out that sprinklers do not always wait for fire to occur, and if property is damaged through freezing and subsequent opening of sprinklers or bursting of pipes, losses are not recoverable under fire policies; there must be separate insurance.

In a recent issue of the *Fireman's Fund Record*, H. C. Schumann points out: "Sprinkler leakage insurance is an essential coverage for every building containing an automatic sprinkler system. Exposed sprinkler heads near windows or skylights, or those placed directly under roofs or in unheated attics, are extremely vulnerable to freezing and subsequent bursting. . . . Even a 'dry pipe' automatic sprinkler system may be susceptible to freezing, as parts of it can sag slightly, or drain imperfectly, and collect moisture. In spots of this kind water will form, and this can lead to freezing and leakage. The only condition necessary to produce an effect of this kind is that the weather be slightly colder than usual.

"Water damage losses result also from: defects in materials (pipes, joints, heads, valves); employees' carelessness (with tools, ladders, etc.); improper stock handling and piling; swinging belts or other mechanical injury; water hammer in pipes; excessive water pressure; settling of buildings; sagging of heavily loaded floors; vibration of machinery; unprotected or exposed supply pipes; collapse of sprinkler tanks.

"Instances of the collapse of sprinkler tanks, as a result of weakness of trestle or supporting walls, are comparatively rare; but when they do happen, these losses are catastrophic. Tank collapse is covered under the policy, which also indemnifies for the structural damage that may occur to the insured buildings.

"Sprinkler leakage insurance is not a new idea by any means. Yet agents still write in occasionally to ask, 'How much should my customer carry on his property?' There is no definite rule. Some risks with concentrated values or with stock highly susceptible to water damage should carry high amounts; but if the values are scattered widely, or contents are not susceptible to great damage, lower amounts may be sufficient."

—The Eastern Underwriter 3/29/46

Supervisors Spot the Hazards

AT the Malleable Iron Range Company, Beaver Dam, Wisconsin, good housekeeping is one of the prime concerns of the general safety committee, which is composed of 32 supervisors.

Three members of this committee make weekly or bi-weekly inspections of the plant to keep in touch with the changing details of various housekeeping problems. "Inspections are the 'field glasses' through which plant conditions are reported, corrections suggested, and progress noted," is the motto at Malleable Iron Range.

The make-up of this committee changes with every inspection, with the exception that one member serves on two consecutive inspections to carry over to the next committee the experience of the preceding one.

The inspection reports are delivered by the committee to the mechanical engineer, who is responsible for maintenance, buildings, and equipment, and for completion of safety recommendations. The inspection report is checked and approved by the mechanical engineer, and copies are then delivered to all members of the general safety committee and posted on bulletin boards. Responsibility for action on the recommendations is also noted on the report, with instructions to complete the items before the next inspection. These inspection reports give a good picture of the physical condition of the plant and equipment, and prompt action by supervisors and workers eliminates accident-producing conditions.

—Management Information 7/15/46

Survey of Books for Executives

SECRETS OF INDUSTRY. By Lewis C. Ord.
Emerson Books, Inc., New York, 1945.
255 pages. \$3.00.

*Reviewed by Leonard F. James**

Essentially this book propounds one thesis: that high wages and low prices result in higher living standards. Substantiating this claim from his experience of some 20 years as industrial consultant in the United States, Great Britain, continental Europe, Canada, and Australia, the author is concerned primarily with a comparison of British and American industrial principles and practice. Incidentally, and perhaps unwittingly, he offers a most convincing case for some degree of nationalization of industry in Britain. For British industrialists have sacrificed the public interest to private profit and have been responsible in no small degree for the loss of markets at home and abroad.

Beginning with an elementary exposition of mass-production methods, the author proceeds to make an illuminating comparison of American efficiency and British conservatism. And the British industrialists suffer from the comparison.

Great Britain's present industrial position results, in large measure, from her nineteenth century policy of concentrating on the export of capital goods—railroad materials and equipment, textile machinery, shipbuilding and docking facilities, and steel works. As a result, her sons emigrated and developed competitive industries that finally left the mother country overdeveloped in the same fields. Instead of trying to develop her own consumer market on the principle of high wages, low prices, and wide consumption (as exemplified by Ford), Britain endeavored to recoup by maintaining or raising prices. Rings, cartels, and trade associations allocated contracts and suppressed competition, and trade associations have recently suggested that they be empowered to compel all trade firms to join an organization. Britain's nineteenth century policy of cheap imported foods and low wages to decrease the costs of exported goods has been pursued beneficently, with social security providing what low wages alone cannot. Her domestic market has been ignored, and her citizens reap the harvest of low incomes and poor living standards.

Meanwhile the United States concentrated

on her domestic market and, despite high wages and living standards, captured foreign markets which Britain could have had.

The automobile industry provides an incontrovertible example of the two contrasting systems. British car production is premised on a well-to-do clientele, with not only many makes of cars but with each make offering several engine sizes and body styles. The important factor of non-diversification has been ignored in British mass production, with the result that the average British family is not in the automobile market. In fact, a British worker, earning less than two-thirds of the wages of his American counterpart, would have to work three times as many hours to purchase a car. Had British manufacturers been able to buy at home raw materials, parts, and accessories at as much below United States prices as British wages warranted, British cars would sell at somewhere between one-half and one-third the prices charged.

Steel has led the way in the formation of cartels, with 200 British firms doing less business than the United States Steel Corporation alone. The author is convinced that for British industrial survival, fuel, light, power, and gas must be manufactured with the highest efficiency and sold at the lowest possible price to give an adequate return on capital.

Evidence to support the author's charge that Britain ignores her domestic market comes from a British Report which offers interesting and astonishing information. Estimated incomes in Great Britain show 84 per cent of families earnings up to £400 a year. Prewar cost of the most inexpensive washing machine with a six-pound dry clothes capacity was £18; machines incorporating the "revolving-reversing" principle were £55 to £60. The electric refrigerator trade estimates that sales of the cheap three-cubic-foot models were confined almost exclusively to the £400-£550 income group.

A serious factor affecting costs, particularly in Britain but increasingly in the United States, is the proportion of non-productive to productive personnel. In a dozen British motor firms, non-productive personnel, not including advertising, sales, or service departments, approximated 75 to every 100 productive personnel. A similar check in the United States showed 25 for every 100 productive personnel. This tendency toward "bureaucracy" and office specialties can lead

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to arm-chair management and costly centralization. Bureaucratic paperwork and spiraling supervisory personnel nullified, in prewar Germany, the effects of cheap, good labor. The danger which American industry must avoid is the substitution of paper- and arm-chair-management for on-the-spot decisions. Centralized control is slower and more expensive than decentralized control. Decentralization leads to action at the essential spot by a practical and experienced supervisor. The higher the level from which effective control is exercised, the greater the paperwork demanded and the slower the decisions.

The reader must accept the implication that America's greatness and her comparative high living standards are the result of a willingness to spend for new equipment, cut production costs, maintain the competitive system, and pay high wages. The inferences for the future are self-evident.

THE PSYCHOLOGY OF PERSONNEL. By Henry Beaumont. Longmans, Green and Co., New York, 1945. 306 pages. \$3.00.

Reviewed by R. S. Uhrbrock*

This is primarily an introductory discussion of psychological viewpoints as related to problems of personnel management. The author is a professor at the University of Kentucky. Psychologists and experienced personnel men will read his book with interest, though it is doubtful if there will be widespread agreement with the claim that "An organized account of the most important uses of psychological principles in personnel relations is offered in *The Psychology of Personnel*." The book fails to define the list of "psychological principles" that would support Beaumont's claim. The 11 chapters deal with understanding employees; analyzing jobs; selecting employees; training employees; working conditions; the workers' health; promoting safety; supervision; merit rating; providing incentives; and occupational adjustment.

Beaumont does not offer this book as a text in job analysis, testing, statistics, interviewing, or any particular phase of personnel management. When used with its companion volume, *Psychology Applied to Personnel*, it constitutes a general introduction to some of the contributions that psychology has made to the solution of personnel problems.

In discussing the employment procedure, Beaumont states that the applicant "... is entitled to know how his test scores compare with those of the people with whom he will work, and also where he stands in relation

to them as regards his schooling, previous experience, and similar items." (p. 85) One wonders what effect this would have on low test score people, who are hired because of other compensating qualifications. Where is this technique practiced? How can more details be obtained? The book does not say.

The chapter on "Selecting Employees" implies that the Employment Department hires employees. In many companies the Employment Department could properly be called the Referral Department. It does the necessary weeding out and the paperwork, while foremen and department heads make the final decisions regarding employment. Beaumont's book unduly stresses the role of the employment manager as a hiring agent, "using tested measuring devices."

The follow-up on new employees is listed as one of the functions of the Employment Department. This is analogous to asking a bank cashier to audit his own books. Wherever possible, the follow-up should be conducted by a member of the personnel research department, or by a young executive attached to another division of the company. The evils of the self-audit should be avoided.

The use of the present tense in referring to personnel practices in certain war plants that have since been closed will mislead future students who read this book. When it is revised, this defect can be easily remedied. At that time, sections purporting to describe personnel practices in individual companies should be submitted to company officials for checking.

The Psychology of Personnel is well written, and the publishers have issued an attractive volume. Its defects are relatively few. Staff members of industrial personnel departments will read this book with profit, as they compare these viewpoints with the practices in effect in their organizations. It undoubtedly will be included in supplementary reading lists for college students enrolled in personnel courses.

DEVELOPING MARKETABLE PRODUCTS AND THEIR PACKAGINGS. By Ben Nash. McGraw-Hill Book Company, Inc., New York, 1945. 404 pages. \$5.00.

Reviewed by C. A. Southwick, Jr.*

This book covers in considerable detail an important phase of merchandising. From the title, one would expect special emphasis on the packaging of marketable products and the problems of package development. However, the greater part of the text treats the "elements and considerations" of market research, consumer testing, and other phases of new product research. The author cites many specific and interesting

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* Director of Research and Development, Shellmar Products Company, Mt. Vernon, Ohio.

examples to substantiate the theories and principles expounded.

Mr. Nash's interest in design has led him to include a large chapter on color and color systems. While this is of interest, such extended treatment of but one of the elements of product and package development scarcely seems warranted.

The book features many tables, charts, and diagrams, some of them highly complex. They graphically depict the steps and "elements and considerations" of the methods and procedures described in detail in the text.

The author does not discuss packaging requirements extensively except as they apply to decoration and merchandising considerations, although other factors are touched on briefly. In short, the new package is accorded much the same treatment as the new product, but it is not considered in terms of the factors which affect product preservation.

This book will be of value and interest to specialists in product development, but it will prove difficult reading for the layman in the packaging field.

PROFIT SHARING AND STOCK OWNERSHIP FOR WAGE EARNERS AND EXECUTIVES. By Bryce M. Stewart and Walter J. Couper. Industrial Relations Counselors, Inc., New York, 1945. 143 pages. \$1.25.

*Reviewed by L. C. Lovejoy**

This report stems from a study made for a large American corporation by Industrial Relations Counselors early in 1945; it includes all but two sections of the original report, which were of primary interest to the sponsoring corporation. "The executives who had arranged for the study thought that it might have value for other managements and suggested that it be printed for general distribution."

The text is divided into two parts: Part I, Profit Sharing; and Part II, Employee Stock Ownership. Included in Part II are four appendices: A. Major Findings of Former American Studies of Profit Sharing; B. Major Findings of Former American Studies of Employee Stock Ownership; C. Summary of Provisions of Fifteen Active Non-Trusteed Profit Sharing Plans as of September 1, 1945; D. Summary of Provisions of Seven Active Trusteed Profit Sharing Plans as of September 1, 1945.

The discussion of each subject outlines the historical background and presents the findings of recent surveys of plans currently in existence.

In Chapter VII the authors call attention

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to the accelerated movement toward "security" occurring in our free enterprise system. All such protection decreases industry's margin of profit, whether its costs are reflected in income taxes, increased wages, concessions to "fringe demands," etc. "In considering profit sharing in the future, management will do well to give thought to such factors in relation to the profitability of the enterprise in the postwar quarter century."

Chapters VIII-XI feature comments by several authors, descriptions of plans which have been or are now in effect, and a concise and valuable summary of the pros and cons of employee stock ownership. "In view of the high mortality rate of stock ownership plans, especially those covering all employees, and the unfortunate experiences of many companies with such plans in the early thirties, it is very doubtful whether stock ownership in the long run accrues to the employee's benefit. Efforts to provide extra compensation by way of stock ownership have been discontinued more readily and to a greater degree than profit sharing ventures."

This informative report should prove a time-saver for those desiring up-to-date reference material on these two subjects. It should be studied by executives and students interested in profit sharing and stock ownership as devices for building better employer-employee relationships. It provides a clear understanding of the successes and failures of those who have employed these techniques.

THE ART OF PLAIN TALK. By Rudolf A. Flesch. Harper & Brothers, New York, 1946. 210 pages. \$2.50.

HOW DOES YOUR WRITING READ? Personnel Management Advisory Service, Examining and Personnel Utilization Division, U. S. Civil Service Commission, 1946. Available from Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. 12 pages. 5 cents.

*Reviewed by Henry E. Niles**

You talk and write to get ideas across to the other fellow. But even when you use words correctly, he may not understand. Dr. Flesch tells how to measure whether what you write is hard or easy to understand. You can look at your own writing from the viewpoint of the person who is to read it. A simple formula will tell you whether you have a good or a poor chance of being understood. Communication of ideas, of orders, of suggestions

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is basic to a smooth-running company, or country, or world. This book tells how to improve your readability if you need to.

During the war, officials of the Extension Service of the U. S. Department of Agriculture wanted to urge food saving, canning, etc. They knew that college English would not interest a farmer's wife who had not been through grade school—and there are many such. They found Dr. Flesch's scientific book citing the results of tests at the Readability Laboratory of Columbia University. This gave them a means of measuring whether their writing was simple enough. The government personnel directors who compose the Council of Personnel Administration heard of the method. They were interested in it because of their work in getting ideas across in training. With the help of Dr. Flesch, a council committee wrote *How Does Your Writing Read?* It's meant for government writers, but it's good for others too.

The Art of Plain Talk is simply written—no harder to understand than *The Reader's Digest*. It is based on the studies reported by Dr. Flesch in his technical book. He shows that plain talk comes mainly from three things which are easy to measure: (1) short sentences; (2) few affixes (as he calls inflectional endings, prefixes, suffixes, or foreign endings); and (3) many personal references to people by name, by personal pronoun, or by words that refer to human beings or human relationships. "Standard" writing will average about 17 words per sentence; there will be about 37 affixes per 100 words, and six personal references. "Very easy" writing will run about eight words per sentence, and 22 affixes and 19 personal references per 100 words. "Very difficult" writing averages 29 or more words per sentence, and 54 or

more affixes and two or less personal references per 100 words. This last is clear to few who have not been through college. There are other grades in the scale. I give these so you can test a piece of your writing. I tested some that my own office had sent to our field force. It was much too complicated. We studied the Flesch formula and rewrote. The *Company Practices Bulletins* became *How We Do It*.

Dr. Flesch says grammar often "is nothing but rules set up by school teachers to stop the language from going where it wants to go." Split infinitives and sentences ending with prepositions are not bad if you get clear and forceful statements. Punctuation helps put across your meaning. Active verbs give a picture that clicks. If you follow the rules, you may not be rhetorical but you can hit any level you wish. Also you'll find it hard to put unclear thinking into plain talk.

It's not always the length of a word that makes it hard. For instance, "When we read *elephant*, all we have to do is to think of a big animal with a trunk; but when we read *unless*, it means: see what is happening in the next clause; then think back to what happened in the main sentence; and then cancel that in your mind, but not quite" (page 81).

Chinese is an old language. It has no grammar. It has done away with the "empty words" which say nothing but which are so frequent in English. Rewriting American prose into Chinese style shows how often we use words without clear meaning. If you follow Dr. Flesch, your sentences may be close to Chinese but your meaning won't be either Chinese—or Greek—to your readers.

NOTE: The above review rates "Standard" on Dr. Flesch's scale.—H. E. N.

Briefer Book Notes

[Please order books directly from publishers]

GETTING INTO FOREIGN TRADE. By Eugene Van Cleef. The Ronald Press Company, New York, 1946. 133 pages. \$2.50. A practical guide for owners and managers who wish to expand the domestic activities of their businesses to include foreign sales, and for those individuals who wish to follow foreign trade as a career, either in the business world or in government service.

HOW TO SUPERVISE PEOPLE. By Alfred M. Cooper. McGraw-Hill Book Company, Inc., New York, 1946. Second edition. 162 pages. \$2.00. This revised edition of Mr. Cooper's popular text brings up to date the material in the 1941 edition and includes a new chapter dealing with the supervisor's responsibilities for improving his company's public relations.

BASIC INDUSTRIAL LOCATION FACTORS: *Guide for Evaluating an Area's Resources for Industrial Development.* Area Development Division, Office of Small Business,

U. S. Department of Commerce, Washington 25, D. C., 1946. 10 pages. Gratis. A practical little booklet prepared primarily for the use of individuals interested in developing small new industries locally.

MACHINE OPERATION TIMES FOR ESTIMATORS: *Standard Data and Methods.* By Joseph C. Derse. The Ronald Press Company, New York, 1946. 156 pages. \$6.00. A guide for estimators, production managers, methods engineers, time study men, and others concerned in any way with procedures or times on jobs.

HOW TO BUY AND MERCHANDISE PROFITABLY. By Irving Goldenthal. Better Merchandising Institute, 1270 Broadway, New York, N. Y., 1946. 241 pages. \$6.00. A practical manual designed to help those who are now engaged in retailing or are about to enter the field. The mathematics of buying and merchandising is outlined by simple examples and short, clear explanations. Throughout the book runs a commentary on sound principles of purchasing, selling and merchandising.

DEVELOPING YOUR EXECUTIVE ABILITY. By Howard Smith. McGraw-Hill Book Company, Inc., New York, 1946. 225 pages. \$2.50. Another of the inspirational, exhortatory volumes on personal development. The first part of the book seeks to present "a blueprint of the successful executive," while the second part describes procedures and philosophies of a number of contemporary executives.

PROFITABLE INSURANCE AGENCY MANAGEMENT. By Oscar Beling. Prentice-Hall, Inc., New York, 1946. 376 pages. \$5.00. This comprehensive text covers the fundamental principles of efficient insurance agency office operations. It illustrates methods of testing the efficiency of insurance agency management, presents procedures successfully employed in many offices, and offers much helpful information to agents interested in planning for production and for profit.

EDITOR'S NOTE: The list price of *Occupational Placement*, by Anna Y. Reed, published by Cornell University Press, Ithaca, New York, was erroneously given as \$5.00 in the July issue of *THE MANAGEMENT REVIEW*. The correct price of this book is \$3.75.

PUBLICATIONS RECEIVED

[Please order directly from publishers]

LABOR LOOKS AT UNEMPLOYMENT INSURANCE: *Report of the Conference Workshop of Organized Labor on Employment Security at The University of Chicago.* The University of Chicago Press, Chicago, Ill., 1946. 40 pages. \$1.00.

REPORT OF THE FEDERAL TRADE COMMISSION ON RESALE PRICE MAINTENANCE: *Submitted to the Congress, December 13, 1945.* Available from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. 872 pages. \$1.50.

A GUIDE FOR LOCAL INDUSTRIAL PROMOTION: *Economic Series No. 47,* Bureau of Foreign and Domestic Commerce, U. S. Department of Commerce, Washington 25, D. C., October, 1945. Available from Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. 30 pages. 10 cents.

A SUMMARY OF THE PROCEEDINGS OF THE SIXTH CONSTITUTIONAL CONVENTION OF THE UNITED OFFICE AND PROFESSIONAL WORKERS OF AMERICA (CIO): *February 18-February 22, 1946.* United Office and Professional Workers of America (CIO),

1860 Broadway, New York 23, N. Y. 232 pages. \$1.50.

THE FOREMAN'S GUIDE. By R. B. Hovey. Sir Isaac Pitman & Sons, Ltd., London, England, 1945. 63 pages. 4s. 6d.

EMPLOYMENT UNLIMITED. By John Noble Laycock. Cole-Noble Co., Derry, N. H., 1945. 185 pages. Cloth, \$2.50; paper, \$1.00.

ON-THE-JOB VETERAN TRAINING FOR BANKS. The Committee on Service for War Veterans, American Bankers Association, New York, 1946. 30 pages. 25 cents.

FULL EMPLOYMENT. By Michael Hudson. The Christopher Publishing House, Boston 20, Mass., 1946. 83 pages. \$1.75.

LABOR LOOKS AT EDUCATION. By Mark Starr. Harvard University Press, Cambridge, Mass., 1946. 51 pages. \$1.00.

WE CAN DO BUSINESS WITH RUSSIA. By Hans Heymann. Ziff Davis Publishing Co., New York, 1945. 268 pages. \$2.50.

BONNELL'S PACKING AND SHIPPING DIRECTORY: *Edition for July, 1946.* Bonnell Publications, Inc., Plainfield, N. J. 46 pages. \$1.00.